



2011 Annual Report

New Energy



CLAAS Group Overview

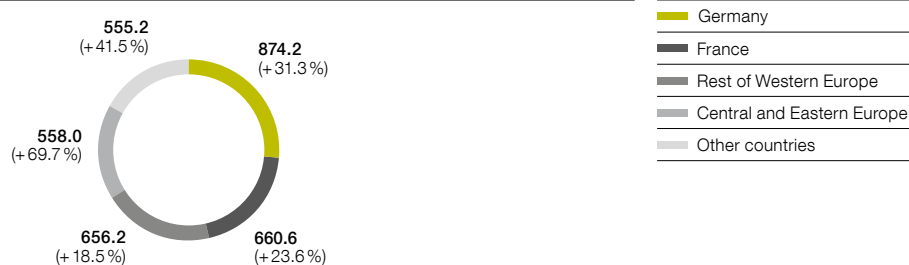
Financial Indicators (IFRS)

| in € million | 2011 | 2010 | Change in % |
|--|---------|---------|-------------|
| Financial Performance | | | |
| Net sales | 3,304.2 | 2,475.5 | 33.5 |
| EBITDA | 377.5 | 200.3 | 88.5 |
| EBIT | 292.3 | 116.1 | 151.9 |
| Income before taxes | 255.3 | 77.2 | 230.8 |
| Net income | 181.8 | 51.5 | 253.0 |
| Research and development costs* | 144.3 | 122.6 | 17.7 |
| Free cash flow | 156.5 | 215.8 | -27.5 |
| Financial Position | | | |
| Equity | 870.1 | 814.2 | 6.9 |
| Capital expenditure | 93.7 | 87.2 | 7.5 |
| Total assets | 2,389.8 | 2,278.4 | 4.9 |
| Employees | | | |
| Employees as at the balance sheet date | 9,060 | 8,968 | 1.0 |
| Personnel expenses | 540.4 | 489.0 | 10.5 |

* Before capitalized and amortized development costs.

Sales by Region

in € million



Sales per Year

in € million

| Year | Foreign sales in % | German sales in % | Total Sales (€ million) |
|------|--------------------|-------------------|-------------------------|
| 2007 | 76.3 | 23.7 | 2,658.9 |
| 2008 | 77.6 | 22.4 | 3,236.2 |
| 2009 | 75.2 | 24.8 | 2,900.8 |
| 2010 | 73.1 | 26.9 | 2,475.5 |
| 2011 | 73.5 | 26.5 | 3,304.2 |

Foreign sales in % German sales in %

There's barely a word in the dictionary that gives rise to as many positive associations as "energy": energy means power, motion, growth. We say that dynamic people are bursting with energy; foodstuffs give us energy. If we talk about new, renewed or even renewable energy, we think of other energy sources, whether it's a solar power plant, a biogas system, a fuel cell or perhaps a new way of thinking about an issue, or a process of consciously questioning long-established procedures.

CLAAS is full of new energy. It's immediately apparent when you look at our annual result, but it emerges above all in the cornucopia of new ideas we transform into realities. New plant cultures produce basic substances for food and energy – CLAAS is developing the technology needed to harvest them. The interaction of new machines is giving birth to new process chains. New markets are arising from what were once developing nations. Wherever we look, today's challenges call for new, renewed energy. And there's plenty of it at CLAAS.

New Energy

Only five years ago, CLAAS had referred to a revenue target of over three billion euros as a particularly tough challenge. Two years after this, in 2008, we breached this boundary. At the time, the year was viewed as an exceptional one for the entire sector, and it was assumed that the financial crisis, whose impact was felt in the agricultural technology industry later than in others due to the sector's position in the economic cycle, would bring necessary consolidation. There indeed followed two years of declining revenues, throughout which CLAAS, at least, remained solidly in the black.

This annual report contains all the details on how these developments continued in fiscal year 2011. Thanks to CLAAS' familiar flexibility as a family business, we have been able to boost our revenues and our result above and beyond the dynamic and positive market development we have seen. Fiscal year 2011 saw us outperforming the record result we achieved in 2008.

A revenue boost of over 30 percent within a year is an extraordinary figure for a machine-building company. But what goes on behind the scenes to produce such an astounding result? What does it mean for an industrial company embedded in far-reaching networks to realize such an impressive increase in revenue within a year? It meant working extra shifts rather than short time; getting everyone involved in the workforce motivated to perform and keeping their motivation high; sourcing materials for thousands of additional machines from our suppliers.

Alongside all this, the company has introduced a new flagship series in its core product group, combines, and demonstrated the strength of its performance by setting a world record. The past fiscal year has also seen the launch of the world's largest standard tractor with over 400 hp.



Dr. Theo Freye
Spokesman of the Executive Board of CLAAS KGaA mbH

CLAAS' success is in the hands of our employees. It emerges from our work with our suppliers, our sales and finance partners, and, of course, our customers.

Over the last few years, CLAAS has become a faster, more flexible company, while continuing to grow in team spirit as a family business at the same time. Each and every day, over 9,000 CLAAS employees provide emphatic proof that they tackle and achieve their objectives with constantly new energy.

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The soils of Africa are highly desirable – but the continent's agriculture is outdated. A look at how that might be changing soon. **Page 4**

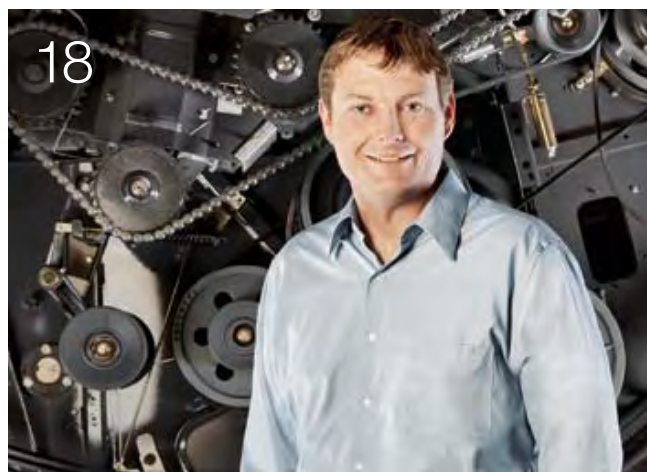


Collective Power

When harvesting machinery works together in a smart way, its performance improves. CLAAS is involved in a research project investigating how that can happen. **Page 14**

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KWS SAAT AG is creating new and better energy crops. CLAAS is already working closely with the seed breeder to make sure all will go smoothly at harvest time. **Page 28**



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Keeping on Moving

What does the future hold for the sector and for our company? CLAAS Supervisory Board Chairwoman Cathrina Claas-Mühlhäuser gave us an interview. **Page 34**

A Continent Ready for Change

Investors from around the world are showing great interest in Africa's soils. The continent is in urgent need of their money to help it modernize its agriculture. Its soils are fertile – but all too frequently lie fallow. The future, however, is bright: CLAAS machinery is set to help exploit this land in a way that is both efficient and soil-conserving.

By Dirk Böttcher





Arable Land



28 percent of the earth's surface is made up of land, with the remaining 72 percent covered by the oceans. Only a small part of this land is suitable for agricultural cultivation: 2 percent of the earth's surface comprises fields, 7 percent is grassland, 9 percent is forest land and the 10 percent left over is unusable.

There are the images that come into our heads in relation to the topic – and then there's the news we're hearing at the moment. They make for a bit of a mismatch in Africa at the moment. We get this dissonant effect, for instance, when experts claim that Sudan has the potential to become one of the world's largest producers of cereal crops. Yes, Sudan, a country more often associated with images of this year's disastrous famine.

Or there's its neighbor Ethiopia, where Essayas Kebede says: "We're working on an export-focused agricultural industry." In a country which is the recipient of a major part of the food aid supplied worldwide and where one in two of the population is classified as suffering from malnutrition, this observation sounds positively cynical. Kebede, director of the state agency for agricultural investment, is well aware of this, but equally of the fact that the 15 million hectares of arable land in Ethiopia achieve only a fraction of the productivity typical of Western agriculture. The reasons for this lie above all in the country's backward agricultural structures, which rest in part on extremely small farmers. If Ethiopian agriculture were able to catch up only partway with the yields achieved in developed countries, its dependence on aid from abroad would be a thing of the past. And that's not all. In his spartan office in the Ethiopian agriculture ministry, Essayas Kebede, a tall and imposing figure, rises and takes a few steps to a map of the country. "In total, Ethiopia possesses almost 75 million hectares of potentially cultivable land." He pauses, as if he were struggling with the statement he is about to make: "If we were to use all this land, Ethiopia would be Africa's breadbasket – in fact, maybe even the world's."

Sudan, too, was once a breadbasket, but those days, in which land around the upper course of the Nile fed the civilization of ancient Egypt, have been over for more than 3,000 years. The idea that in the future, Sudan, Ethiopia or other Afri-

can countries might produce food for those countries that deliver food aid to them today is not as absurd as it might initially sound.

The Industry of the 21st Century

Global agriculture is facing a huge challenge. According to UN forecasts, food production will need to increase by 60 percent by the year 2050 in order to meet the needs of the world's growing population. The Berlin-based agricultural economist Harald von Witzke already refers to agriculture as "the industry of the 21st century" – in which Africa will play an absolutely decisive role. In the future, it won't be the world producing food for Africa, but rather Africa also producing food for the world. It's time we got used to this idea: The facts are clear, as Africa is still an agriculturally underdeveloped country, with the major part of its potentially arable land currently lying fallow.

This land, some of which has not been worked for millennia, is now attracting the interest of international investors. Farmland is highly sought after across the globe at the moment, whether it be in the north German Mecklenburg region or in Sudan. According to a World Bank study, 2009 saw 46.6 million hectares of land, an area almost equivalent to that of Spain, being leased or sold – a figure twelve times higher than those seen in previous years.

For the first time in over a century, prices for agricultural products are on the rise across the globe. Harald Witzke believes this period will be a sustained one. The world's population is growing, meaning demand for agricultural produce is increasing too. In addition to this, many investors are losing their trust in financial market products such as stock or foreign exchange. Suddenly, land is re-assuming its former role as important capital and a safe investment. And nowhere is there as much land available as in Africa.

In 1960, per-capita available arable land amounted to approximately 0.44 hectares. Projections indicate that this figure will have dwindled to 0.15 hectares by the year 2050.

Source: FAO

1960

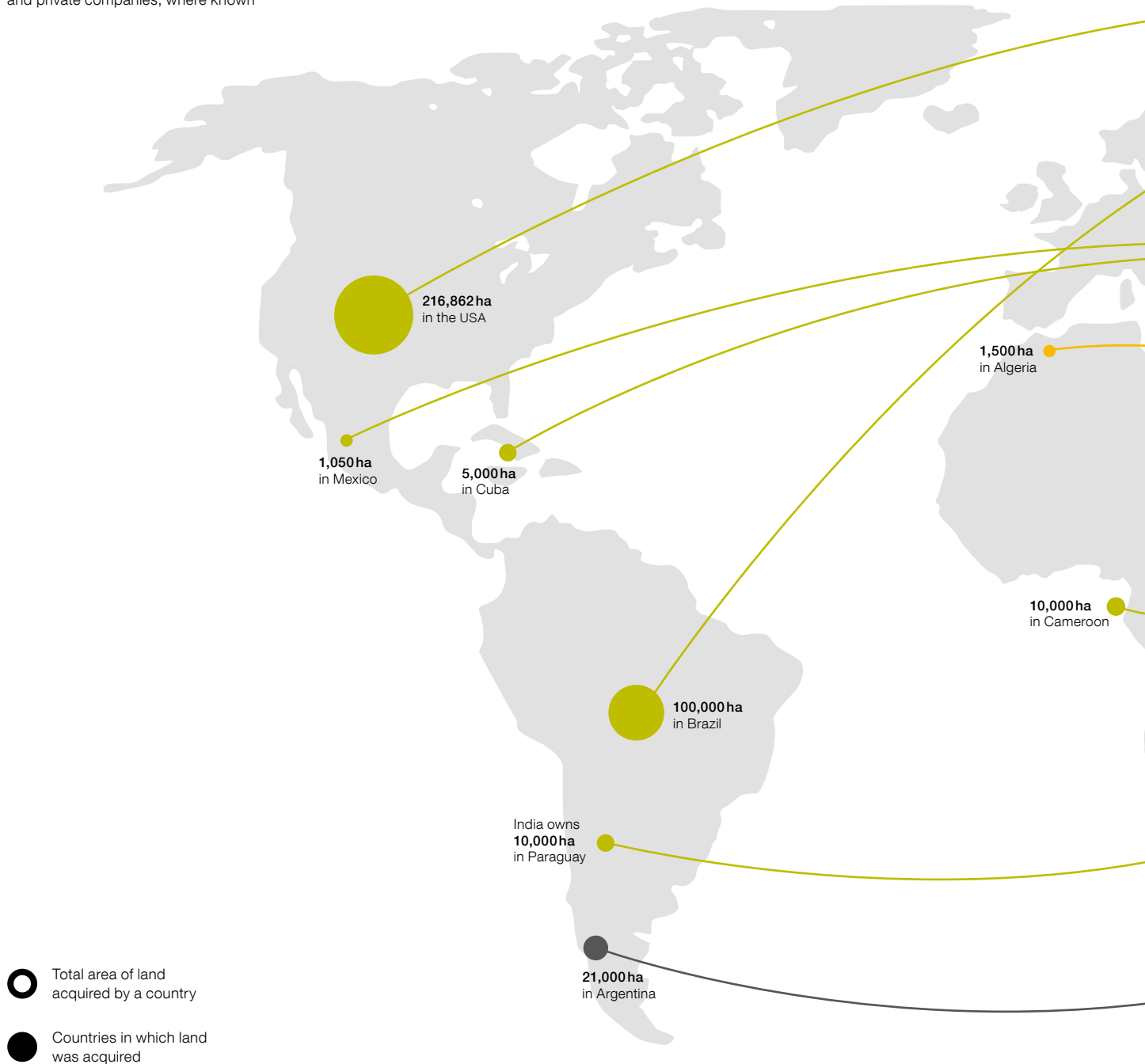
2050

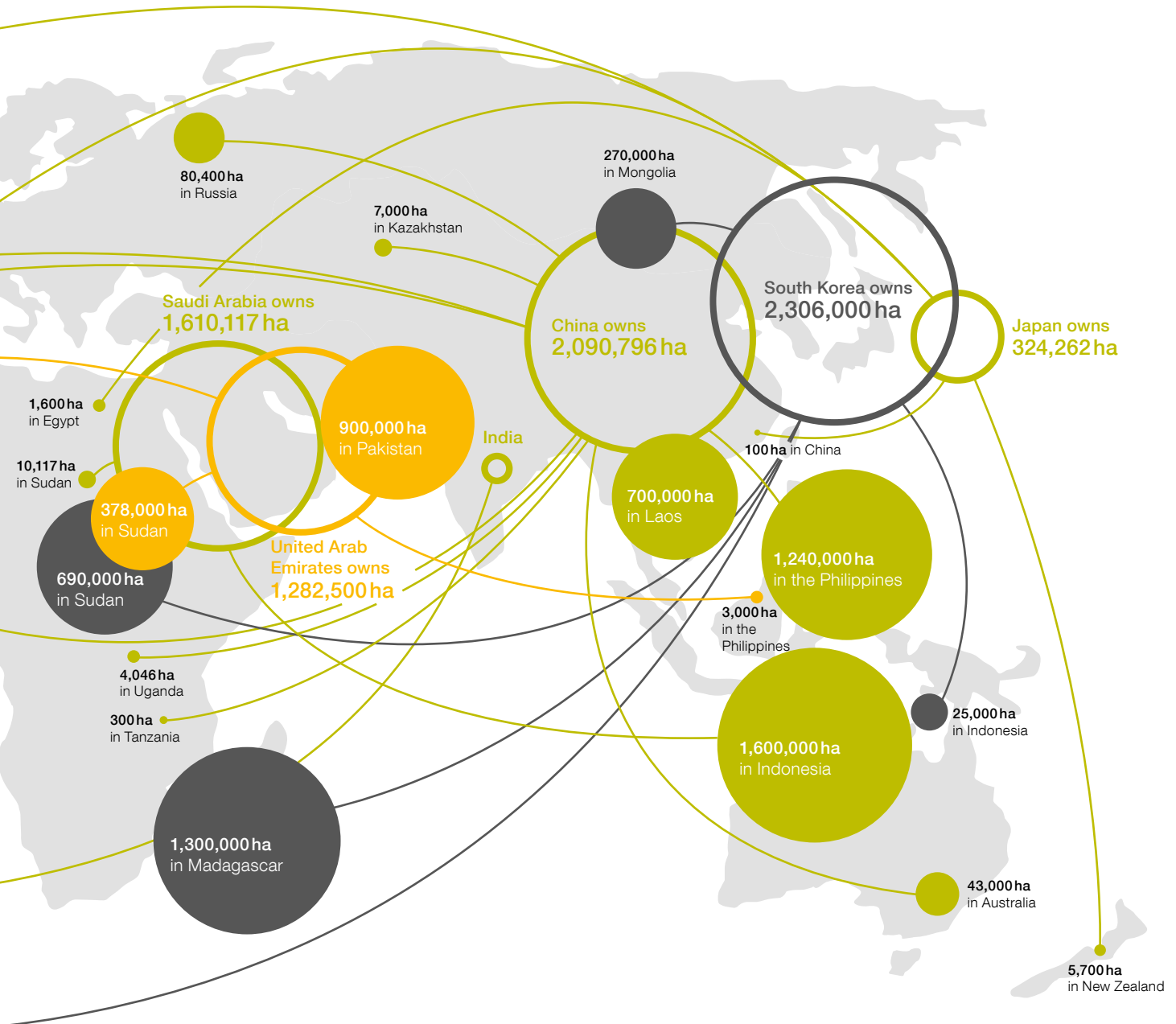


New Terrain

Direct Investments in Arable Land

Land acquisitions by state organizations and private companies, where known







Farms Larger than Luxembourg

Africa's soils are currently drawing investors from right around the world. Whether they're from China, the Arabian peninsula, India, the Netherlands or Germany, they often bear no resemblance at all to farmers. State funds or major industrial companies lease hundreds of thousands of hectares of land. The People's Republic of China, Indian industry giants and Arabian sheikhs all work African fields.

There's even a German pensioner who is trying to lease a piece of Ethiopian upland which, at 500,000 hectares, is over twice as big as Luxembourg. Ingo Siebke, who used to run a food technology company, has been working for three years on his plan to cultivate durum wheat, a high-quality cereal which is a key raw material in pasta. Although durum's origins lie in Ethiopia, the plant has been forgotten there for centuries. Today's Ethiopian pasta producers import durum from Australia; but they could harvest it in premium quality in their own country – twice a year. Ingo Siebke wants to grow durum on land which has been lying fallow for centuries, for which he intends to bring modern methods and technologies to Ethiopia, as well as fertilizer and specially developed seed. The workers are to be provided with rent-free lodgings and medical care. Siebke is promising investors extraordinary returns from the African soil, and intends to export 80 percent of the harvest yields and sell 20 percent in Ethiopia itself.

Selling Food to Be Able to Eat

Of course, such projects inevitably give rise to critical questions. Ethiopia leases millions of hectares of land to investors from the very countries which give millions to food aid – aid on which there is

barely a country in the world more dependent than is Ethiopia, where one in two of the population of 84 million is deemed to be malnourished. And now Ethiopia is to grow crops such as premium durum wheat to make pasta which will be eaten by people in rich industrialized countries.

It appears paradoxical for a country to export food while its own population is dependent on food aid from abroad. From an economic perspective, however, it isn't paradoxical at all. In a recent issue of "GEO" magazine, the British development economist Stefan Dercon from Oxford University explained that strangely enough, a country's food production is not the sole key to combating hunger in that country. His argumentation referred to the Nobel laureate Amartya Sen, who had demonstrated that three million people had starved to death in his home region of Bengal in 1943 even though there was enough food available. The food was simply too expensive for many poor people; it was buying power that was in short supply rather than the goods themselves.

According to this view, Ethiopia may well in fact benefit from exporting high-value agricultural produce. The revenues generated in this way could then be used for importing cheaper cereals and modernizing the country's agriculture.

Ethiopia is aiming to double its GNP by 2015, primarily by likewise doubling its agricultural production levels. Agricultural economist Harald von Witzke believes that the country will only achieve this successfully if it is able to win private investment. "For decades now, African agriculture has been lacking in technology, capital and expertise – precisely those things which foreign investors are providing," says von Witzke.

A New Perspective

Dealing with foreign and domestic investors also entails a learning curve. Thus far, the Ethiopian government has made over 2.3 million hectares of land available to a total of more than 8,300 investors from home and abroad. According to government statistics, only 181 of them actually work this land, with some of them failing partially or completely to adhere to social and environmental standards.

Charly Meyer has seen such farms. CLAAS' Africa sales manager, a man with great knowledge of the continent, makes no bones about his disapproval: "It seems that these places ascribe very little value to social and environmental matters. We don't think this is good enough."

For Meyer, recent developments in Africa also open up a completely different and controversial issue. "I've worked for CLAAS in over 60 countries in the course of my career, and I've never encountered such good soil as I have in Africa," says Meyer. It's an insight which has left him rather surprised: "Haven't politicians and development workers always told us that the reason why the people of Africa can't feed themselves without help is because their soil is barren?"

The new perspective on Africa has been chipping away at a few clichés. The major drought that determined Ethiopia's image in the world in summer 2011 affected just 7 percent of the country's territory. The many millions of hectares of potentially cultivable land that currently lie fallow form a sharp contrast to this. They are fertile soils in ideal climatic conditions where average temperatures are often similar to those in central Europe and rains much more plentiful.

“Africa isn’t a recent discovery for CLAAS, we’ve been active there for decades.”

Charly Meyer, CLAAS KGaA mbH

From Small Farmers to Technicians

It is on this land that CLAAS hopes to use its machinery to help drive the development of an efficient agricultural industry, making use, for one thing of existing contacts with foreign investors who already use CLAAS products in their own countries, and for another, and above all, of long-established structures on the ground. “Africa isn’t a recent discovery for CLAAS,” says Charly Meyer; “we’ve been active there for decades.”

In Sudan, for example, hundreds of CLAAS’s bright green tractors and combines busily work the fields, and have been doing so for over 50 years already. In contrast to Western markets, farms there are not interested primarily in hi-tech equipment, but rather in simple, durable technology. For African farmers, CLAAS’ “Dominator” is the embodiment of a solid piece of harvesting machinery, with some African languages even adopting “Dominator” as a synonym for a combine.

CLAAS’ decades-long history of supporting traditional farmers in Africa with the agricultural technology it needs is supplemented by its involvement in training local people. Charly Meyer calls this approach, which plays an important role for CLAAS, “investing in local competencies”; after all, the money spent on land and technology will be of little use without people who know how to employ both to maximum effect.

The Sudan-based Kenana Sugar Company provides an illustration of how the strengths of foreign investors and those of local farmers can be brought together to their mutual benefit. Said to be the world’s largest integrated sugar plant, the company is owned by the state of Sudan, a Saudi-Arabian consortium of banks and a cooperative of local small farmers. The group founded a subsidiary called KIAS (Kenana Integrated Agricultural Systems) which helps small farmers to work their land cooperatively, making it possible for them to use modern agricultural technology efficiently. A total of 162,000 hectares of land is currently being farmed in this way, with returns going to the local farmers. CLAAS is not only providing the machinery for this project, but is also actively involved in training farmers up to be machinery operators and technicians.

From Low-tech to Hi-tech

Technology will play an absolutely decisive role on the large farms, each of several hundreds of thousands of hectares, which are coming into being across Africa in the wake of foreign investments. Whereas traditional farmers have thus far been principally interested in simplicity and durability in farming machinery, the Africa of the future will be a market for the GPS-controlled hi-tech solutions of the kind used on the modern farms of industrialized nations. Charly Meyer’s approach to this commencing spread of technology

sets great store by close ties with customers. He is observing a shift in demand on the African continent, with farmers turning away from individual pieces of machinery and toward agricultural systems. “In this context, we want to be farmers’ first and main point of contact, not just for our own products, but also for products we don’t have in our portfolio,” says Meyer, explaining the approach. The company has already entered into cooperation agreements with German partner companies in relation to training and product deliveries. In the future, CLAAS will be able to take on coordination for African agricultural operations’ entire technology needs.

It’s not just maximum yields that are at the top of the agenda, but also farming practices which conserve sensitive soils. In Tanzania, for example, recent times have seen the debut of the first LEXION 750 with its TerraTrac crawler mechanism, which is helping harvest rice sustainably on a farm of 5,000 hectares.

There’s a whole continent whose land is waiting to be worked. If this is done correctly and responsibly, investors and the population alike will reap the long-term benefits. Perhaps Ethiopia will soon stop importing durum from Australia and start exporting food aid from Germany and start exporting durum for pasta there instead.

In any case, humanity cannot afford to continue letting Africa’s potential farmland lie fallow.

In Sudan and other African countries, where the robust combines from CLAAS enjoy great popularity, DOMINATOR has entered the language as a synonym for “combine”.

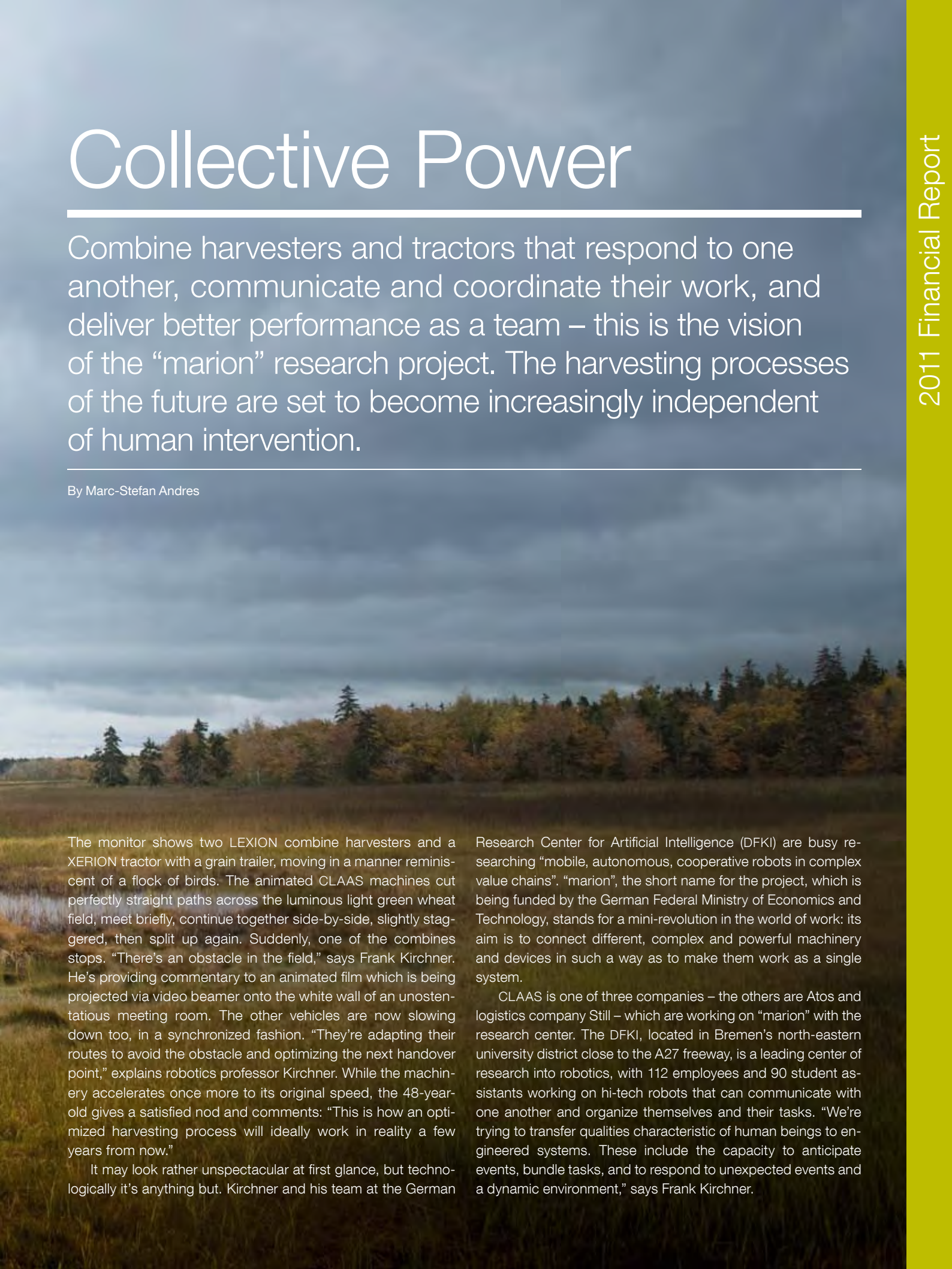




Collective Power

Combine harvesters and tractors that respond to one another, communicate and coordinate their work, and deliver better performance as a team – this is the vision of the “marion” research project. The harvesting processes of the future are set to become increasingly independent of human intervention.

By Marc-Stefan Andres



The monitor shows two LEXION combine harvesters and a XERION tractor with a grain trailer, moving in a manner reminiscent of a flock of birds. The animated CLAAS machines cut perfectly straight paths across the luminous light green wheat field, meet briefly, continue together side-by-side, slightly staggered, then split up again. Suddenly, one of the combines stops. “There’s an obstacle in the field,” says Frank Kirchner. He’s providing commentary to an animated film which is being projected via video beamer onto the white wall of an unostentatious meeting room. The other vehicles are now slowing down too, in a synchronized fashion. “They’re adapting their routes to avoid the obstacle and optimizing the next handover point,” explains robotics professor Kirchner. While the machinery accelerates once more to its original speed, the 48-year-old gives a satisfied nod and comments: “This is how an optimized harvesting process will ideally work in reality a few years from now.”

It may look rather unspectacular at first glance, but technologically it’s anything but. Kirchner and his team at the German

Research Center for Artificial Intelligence (DFKI) are busy researching “mobile, autonomous, cooperative robots in complex value chains”. “marion”, the short name for the project, which is being funded by the German Federal Ministry of Economics and Technology, stands for a mini-revolution in the world of work: its aim is to connect different, complex and powerful machinery and devices in such a way as to make them work as a single system.

CLAAS is one of three companies – the others are Atos and logistics company Still – which are working on “marion” with the research center. The DFKI, located in Bremen’s north-eastern university district close to the A27 freeway, is a leading center of research into robotics, with 112 employees and 90 student assistants working on hi-tech robots that can communicate with one another and organize themselves and their tasks. “We’re trying to transfer qualities characteristic of human beings to engineered systems. These include the capacity to anticipate events, bundle tasks, and to respond to unexpected events and a dynamic environment,” says Frank Kirchner.

The DFKI is ideally placed to carry out a project such as “marion”. In approximately 30 concurrently running projects, the center is developing solutions for space and the deep sea, all the way from the initial idea to computer simulation and prototype construction, including circuit board assembly and metal processing, to the testing and optimization process, which can sometimes take months. For instance, the DFKI set up a pitch-dark hall specifically for the development of a vehicle that will be able to take samples in deep craters on the moon. The hall contains a full-scale replica of the steep slope of a lunar crater, pitted and jagged just like a real one. In order to make the testing environment as realistic as possible, light-absorbing black theater paint, blinding floodlights and 35- to 45-degree inclines contribute to the difficult conditions in which the small, six-legged robot is required to find its way around with the aid of its sensors, cameras and microprocessors. In another room, a robot designed to check pipelines dives deep in a 40-cubic-meter water tank. Alongside it, a small vehicle for checking interior walls of ships for leaks is clinging to a metal wall – a few dozen magnets attached to its two wheels both keep the prototype in place on the wall and enable it to move across it.

Such projects give rise to the algorithms – that is the software commands made up of a series of small steps – which the center is also using in “marion”. “We need to adapt them for use for the interaction of combines, tractors and grain trailers. It’s a highly fascinating task, because when we transfer our work from theory to reality, we find ourselves having to return to the drawing board again and again,” Kirchner explains. “Our aim is to minimize the distances that need to be covered and soil compaction and to take the fill levels and capacity of the transportation vehicles into account – and there aren’t any bumps in the ground, obstacles, faulty machines or rapid weather changes in the lab.”

The researchers begin with a harvesting plan, drawn up in advance on a computer in the office, for two combines and a grain trailer. They simulate the process on the computer and then work out how the vehicles need to be connected. Their ultimate objective: “When the peripheral conditions change, all machines need to communicate with one another in such a way as to enable them to continue working without a hitch,” says Kirchner. The time windows the researchers are dealing with are very tight indeed: On average, the grain trailer spends about four minutes traveling alongside the combine and is loaded in two minutes, with the next rendezvous on the agenda ten minutes later. And in the meantime, the grain trailer needs to get to the edge of the field in order to load up the truck which will take the grain to the silo.

Hans-Peter Grothaus, the 44-year-old head of the CLAAS Systems and Services development team, who holds a degree in agricultural science from Göttingen and a doctorate, sees the “marion” project as a glimpse into the future of agriculture. The

company sees the principal target groups for the coordinated harvesting fleets as being large agricultural operations in central and eastern Europe. “However, small businesses can benefit from greater efficiency in harvesting processes, too. After all, idle times for individual pieces of machinery – which have to stop working because, say, the grain tank is full – cost money,” says Grothaus. He also points to another reason why companies should invest in cooperative, coordinated machinery: “It’s very complex and difficult to increase combines’ performance by means of adjustments to weight and constructed space specifications. However, there’s another way to boost performance, and that’s by optimizing processes across various machines – focusing on higher efficiency in these processes is the way to go.”

“marion” has benefited from the situation in place before its work commenced: CLAAS machinery can already be monitored via electronic data transmission applications and the internet. The information gained in this way, along with artificial intelligence, will lead to harvesting processes becoming simpler for those operating the machines as well. Grothaus, who originates from the eastern Westphalia region of Germany and supplements his income by running a farm near Bielefeld producing wheat, barley, rapeseed and sugar beets, compares this technology to a satnav system. “When you use a satnav, you select the shortest or fastest route, or one where you can avoid free-ways or the one that will use the least fuel,” he observes. “In the same way, a user of this technology might decide to bring in the grain as quickly as possible, perhaps because rain is forecast. In such a case, diesel consumption is irrelevant – the main thing is to get the grain into the silo.”

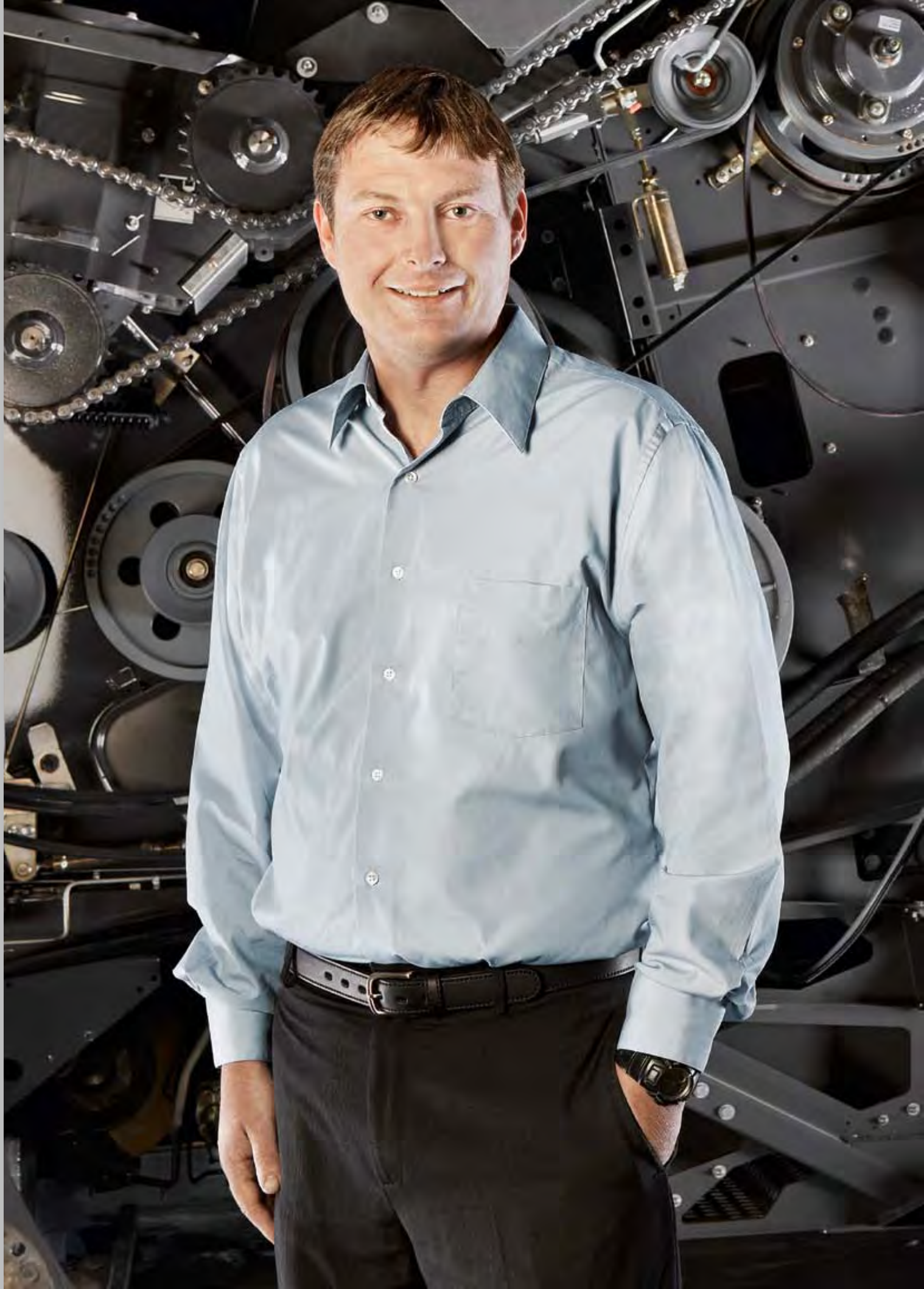
The new processes are due to undergo field tests over the next few years. When they go into series production, CLAAS will advise and train farmers and custom harvesters, providing an extended service which will help customers to get the best performance out of the machinery. Frank Kirchner views this as a starting point for increasingly dramatic change in the agricultural sector – and he already has ideas for further projects. “For instance, we could move away from using a few large machines and toward employing a larger number of smaller units which work together cooperatively and very flexibly. Equipped with swarm intelligence, these connected combines and grain trailers will be able to harvest largely autonomously.” The professor also has visions of transferring the technology from the field to other links in the harvesting chain by incorporating the trucks which take the grain to the silo.

In principle, there are no limits to what such technology might be able to do; out on the fields, far from road traffic, it would be perfectly feasible to employ harvesting systems that would work autonomously to a great extent, leaving only monitoring tasks to human employees.



Dr. Hans-Peter Grothaus (right) from CLAAS is helping work toward more efficient harvesting processes. The “marion” project, on which he is collaborating with the German Research Center for Artificial Intelligence under the leadership of Prof. Frank Kirchner (below), aims to achieve this objective by getting machines to interact with one another.







Drive

Four CLAAS engineers from sites across the globe tell us about who they are and what they do. They work on a whole range of projects, but are all united by one aim: to continue adding to the innovativeness that characterizes CLAAS.

Report by Marc Suchy

Photo page 18/19

“The greatest challenge for the technical team and me is adapting products developed for the international market to our North American customers’ specific needs.”

Andrew Tayles, Head Engineer, Test Engineering, Omaha

Working at CLAAS gives me the opportunity to employ both my engineering expertise and my agricultural background at the same time. CLAAS has excellent international opportunities to offer to engineers; serving local markets presents us with unique tasks. In North America, we are confronted with a whole range of differing harvesting conditions and methods, some of which only occur in our region. The greatest challenge for the technical team and me is adapting products developed for the international market to our North American customers’ specific needs. Our products are in competition with established manufacturers and brands in each area. We have risen to these challenges. Working with CLAAS engineers across the globe, we have been able to find solutions to problems in a relatively short space of time and build up a good reputation in North America.



“At CLAAS, I discovered young development teams spurred on by challenges.”

François Pillot, Hydraulic Engineering Manager, Le Mans

After gaining ten years of experience in project management at a French car manufacturer, I was offered the opportunity to join CLAAS Tractor. Why did I choose CLAAS Tractor? First of all, there was the personal dimension of the company. The engineering department employs 150 people, allowing me to have an overview of the whole development process. I can also maintain relationships with all functional areas of the company from prototype building to logistics. My second reason was how the CLAAS family is involved in the company, as I think this guarantees a consistent development strategy and quality policy. And the third reason was that the company is active in the agricultural domain, which poses a lot of specific requirements that are interesting and motivating. We have to adapt our products to new emissions standards, launch new and innovative products and constantly increase the quality of our products. At CLAAS, I discovered young development teams that are spurred on by these challenges.

“CLAAS is constantly evolving and developing; it’s a company that invests in developing its employees, products and sites.”

Janis Ksenodochow, Work Planner and CPS Coordinator, Krasnodar Ever since my childhood, my family, agriculture and the people who work the land have exerted a great influence on my path through life. One of the steps on this path was my decision to work toward a job at CLAAS. There were a few challenges in the way of my ambition: I knew nothing about modern agricultural machinery construction and didn’t speak German. For this reason, I opted to study at an agricultural university and a military faculty, where I laid the foundations for a systematic way of thinking. Later on, I found myself competing with other graduates for an entry-level job. I accepted all these challenges because they enabled me to develop personally and professionally. CLAAS is constantly evolving and developing as well; it’s a company that invests in developing its employees, products and sites. The prospects for me are good here, and I’m keen to keep on contributing to today’s agricultural machinery.





“Some of the things that motivate me are successfully completing interesting and challenging tasks.”

Bernd Kleffmann, Head of Development for Systems Engineering, Harsewinkel Some of the things that motivate me are successfully completing interesting and challenging tasks, taking an analysis of the status quo as a basis for defining a new objective and then adopting a determined approach to progressing through all the stages necessary for implementation. Work's not the only place we need qualities such as a firm grip on reality, single-mindedness and team spirit, though. I do a lot of long-distance running and mountain hiking in my free time. To perform well in these activities, you have to know your own limits, make a realistic assessment of your goals, show self-discipline in training for a particular event and then have a lot of stamina in order to complete the marathon or reach the mountain's summit. All these qualities are ones we need in our day-to-day work as well. Just take the issue of energy efficiency and emissions law. We managed to reduce emissions by approximately 95 percent, remaining within the required framework and without neglecting the matter of efficiency. It was down solely to working in interdisciplinary teams that we were able to carry out the “pure engine conversion” in such a way as to ensure that the end product still provides the excellent benefits customers have come to expect from us.

A Leap Forward – to Central Asia

In Tashkent – approximately 4,600 kilometers away from CLAAS' Harsewinkel headquarters as the crow flies – the company has built a new production facility. Uzbekistan intends to make wider use of Western technologies in the coming years. The joint venture is to produce combines, tractors and balers – and act as CLAAS' starting point for growth in the region.

By Marc-Stefan Andres



The economy in Uzbekistan and the entire region (below) is going through a period of great change. Stefan Schulte (above left) and Dieter Düringer (above right) take care of these markets for CLAAS.

“This is a highly pertinent market for us, as the country is turning increasingly to cereals after having grown primarily cotton up to now.”

Dieter Düringer, CLAAS KGaA mbH

The first impression back then was not exactly a promising one: a hall full to the rafters with old “technology”. And this was to be a production site for CLAAS tractors, combines and balers. Top-quality, hi-tech machinery, produced here? Can’t see it happening, thought Stefan Schulte, a mechanical engineering graduate and CLAAS manager who looks after production development in Harsewinkel, Germany, and was charged with project management tasks to help establish CLAAS’ new production facility on the eastern fringes of Tashkent. His initial doubts, however, soon dissipated, with even the search for suppliers proving successful within a short time. “When we drew up our contracts, we included all the requirements we have of a manufacturing facility – and now, after the starting-up phase, we have a factory which meets our high standards.”

This is high praise indeed for the company Uz CLAAS Agro LLC. (UCA), in which Harsewinkel-based CLAAS holds 49 percent and the Uzbeks 51 percent. Setting up a joint venture was a necessary precondition for entering the market in the centrally administrated country, located south of Kazakhstan. “Uzbekistan is aiming to get its economy into shape for the future, which is why it’s investing in key sectors such as the agricultural, automotive, pharmaceutical and mechanical engineering industries,” says Stefan Schulte.

The path to the Uzbek capital took CLAAS through a series of stages, which Schulte helped to plan, working closely with the company’s Uzbek partners. “At the beginning of 2010, we undertook intense negotiations, out of which emerged the joint venture agreement; we had it ready to sign in the space of just three months,” says Schulte, whose previous role at CLAAS had been in production and corporate development. After this, everything continued to happen very quickly.

Some members of the Uzbek workforce which was to staff the facility, and whose number has now grown to approximately 100, came to Germany for training. Likewise, CLAAS employees from Harsewinkel, Metz and Le Mans took their expertise to Tashkent. “Our wide range of products, which includes combines, tractors and balers, helps us to keep the factory operating at full capacity all year round,” says Stefan Schulte.

In order to hone its processes to perfection and therefore produce typical CLAAS quality, the facility began assembling pre-delivered parts as early as two months after the joint venture agreement was signed. “We manufactured the combines in Harsewinkel, shipped the individual parts to Uzbekistan and put

them together again there.” It was a complex task, increasing in delicacy stage by stage. “We’ve now identified about 100 parts we can produce over there,” explains Schulte. In the medium term, UCA, working with suppliers in the country with its population of 27.7 million, is expected to achieve local manufacturing content of 50 percent.

CLAAS’ ‘leap forward’ to Uzbekistan is a further building block of its strategy for growth. “This is a highly pertinent market for us, as the country is turning increasingly to cereals after having grown primarily cotton up to now” says Dieter Düringer, who is in charge of CLAAS’ business in the CIS states and China. “For another thing, Tashkent represents an ideal base for us to get involved in other central Asian markets such as Azerbaijan or Kirghizia.”

The 64-year-old, who travels around the world for his employer up to 120 days a year, is intimately acquainted with the region, having visited it more than 20 times, held discussions with decision-makers, and worked with his colleagues Stefan Schulte, Michael Ritter, Gerd Roer and Sergey Potemin, as well as the company’s Uzbek partners and a large team from CLAAS, to prepare the deal.

After the collapse of the Soviet Union, the experienced manager, who has been at CLAAS since 1973, focused on today’s CIS states, which form the world’s largest agricultural machinery market. “What was true back then is still the case today – there’s enormous demand for up-to-date machinery in this market.”

The first MEGA 204 combines made the journey to Uzbekistan in 1996. “They went down so well that we began to receive more and more enquiries,” says Düringer, thinking back to that time. The ministry responsible for this area responded to customer demand by supporting CLAAS’ setting up in the country. CLAAS is in illustrious company, being one of a number of joint ventures in the country involving well-known companies: “MAN and General Motors have built and are building new facilities there too,” says Düringer. “On top of this, supplier structures for the automotive industry have developed, and the universities of Turin and Tashkent have even founded a joint higher education institution.”

Dieter Düringer notes that CLAAS has gone beyond production in its involvement in the country, having established a service joint venture for Uzbek customers at the beginning of 2011, and adds: “In this way, we can achieve coverage of the whole country with the services we provide in the rest of the world. And we get excellent access to customers this way.”

The Seed of Tomorrow

At seed breeder KWS SAAT AG, specialists are busy working on the energy crops of the future. New varieties emerge from years upon years of cultivation work and budgets of several million euros. KWS SAAT AG and CLAAS are sharing their findings in this area, in order to develop not only the best plants for every field everywhere, but also the right machinery for harvesting them.

By Dirk Böttcher





“The plants need to be digestible for the metabolism of the bacteria in the biogas systems and be suited to the atmospheric and political climates of the future.”

Dr. Andreas von Felde, KWS SAAT AG

Andreas von Felde proudly presents his starring cast: “These are Tarzan, Atletico and Zerberus.” The agricultural scientist is standing in the “KWS Energy Garden” – a test field run by seed producer KWS SAAT AG in Einbeck, in the south of the German state of Lower Saxony. His “stars” are millet and maize plants, towering over him like great green giants. And they are impressive examples of what modern seed cultivation is able to achieve today.

Tarzan, for instance, can shoot up to six meters in height in Italy’s sunny regions. This achievement triples the biomass of KWS SAAT AG’s first maize plant, Badischer Landmais. The superstar of the 1960s agricultural world doesn’t just sound rather tame in comparison to the creative names of today’s breeds, it looks it too, at just two meters tall. However, it was a pioneer in maize cultivation, and so will keep a little place of honor in the Energy Garden.

Andreas von Felde heads up energy crops for KWS SAAT AG. In fourth place within the global market, after Monsanto, Syngenta and Pioneer, the long-established business is the only large company in the maize breeding sector to provide special plant breeds for bioenergy. This area of the business now accounts for almost 20 percent of the S-Dax-listed company’s revenues.

Behind the success of the company, which was founded back in 1856, there lies a complex value chain. In the autumn, when German farmers are busy bringing in their harvests, KWS SAAT AG is pushing on with its cultivation efforts in southern-hemisphere countries, in order to propel progress by fitting in two cycles each year. In the meantime, at the production facilities at the Einbeck site in Germany, employees working in shifts clean, grind and dye the sugar beet seeds bred in southern France and in Italy, in order to deliver the final product to farmers in the form of tiny orange balls. A cardboard box the size of a cornflakes package full of sugar beet seed, enough to cultivate a hectare of land, sells for between 200 and 250 euros. Maize superstars such as ATLETICO regularly sell out; farmers order them months in advance.

Amaranth or Millet

Andreas von Felde is well aware that the bioenergy business is not an uncontroversial one. “We can’t avoid the debate as to whether crops belong in the fuel tank or on the dinner table,” he says. For this reason, KWS SAAT AG is pursuing a dual strategy: On the one hand, it works on breeding plants for biogas systems, as this form of regenerative energy is currently more efficient than other types of bioenergy. On the other hand, von Felde views optimized seed as additionally making a contribution to efficient food production: If new types of seed produce higher crop yields, there will be more field space available for food production in the future.

KWS achieved the impressive growth demonstrated by Tarzan by cross-breeding Italian and French lines. “We’ve also included a few South American giants in there,” says von Felde, who adds the caveat that skyscraper-style plants alone are not, in his view, the solution to the challenges of the future. “Primarily, we’re interested in biomass and carbonate content first and foremost, of course,” he explains. “However, the plants also need to be palatable to the bacteria in the biogas plants and be suited to future climatic conditions and political framework conditions.”

It takes cross-breedings of tens of thousands of plants at KWS SAAT AG to create a new seed variety. The company’s work in this field over the past few decades has enabled it to store up treasure in the shape of countless varieties with a wide range of properties. This is the pool from which new hybrids emerge.





Plants six meters in height, for instance, are not easy to harvest. The plants lignify quickly, which makes them less palatable to bacteria. While microorganisms' digestive behavior can be subjected to precise tests, changes in the atmospheric or political climate can only be predicted. This is one of the greatest challenges facing the sector: Developing seed over a period of years requires a clear idea of what the future will bring. One of these ideas, derived from forecasts for a range of world regions, is that temperatures are likely to rise and precipitation to decline. In terms of legislation, it seems that maize cultivation is set to remain regulated in order to avoid the development of monocultures.

It may be that today's energy crops will soon be viewed as requiring too much water and hence fall from favor in various regions. This potential development has prompted KWS SAAT AG to begin testing exotic varieties in fields in Germany. "We're focusing on plants such as South American amaranth and African millet," explains von Felde. Millet, also known as sorghum, is where the experts perceive the greatest potential. The plant, which originates from the Sahel, can cope with heat and drought, as its leaves have the capacity to dry out like tobacco leaves and restore themselves to green once the rains return. The Einbeck-based company is optimizing this plant to grow well in the lowlands of Germany's Holstein region.

The Worst Possible Conditions – With a Purpose

In 1988, when Andreas von Felde commenced his agriculture degree at the University of Kiel, no maize grew north of the North Sea and Baltic canal. Today, KWS SAAT AG sells maize seed to farms as far north as Sweden. The goal of spreading sorghum from Africa to the north German town of Rendsburg leads us through the spacious greenhouses that surround the KWS SAAT AG headquarters in Einbeck, reminiscent of rows of terraced houses. Andreas von Felde shows us one of them. The air is humid, and there are no colorful flowers in sight. Some plants have been covered in white fabric, while others struggle in thin soil or behind heavy metal doors in dark, chilled rooms.

"What we're trying to do here is create the worst possible conditions for the plants to grow," explains von Felde, describing the company's rather atypical-seeming approach. He indicates a space full of stunted plants with brown leaves. "This is where it gets interesting," he continues, pointing out a few slender green blades sticking up out of the dried-out misery of the other plants. If a plant appears undaunted by the combination of heat, dryness and lack of nutrients, the scientists take a second look, and a third. They analyze the plant's genetics, look at its molecular biology and cross-breed these robust shoots with other varieties. Perhaps one day, after several years and tens of thousands of further hybridizations, a new variety will emerge whose seed will be worth grinding and dyeing – and thinking up a resonant name for.

Optimized Plants Need Optimized Technology

So that farmers don't just get such optimized plants growing in their fields, but are also able to harvest them, KWS SAAT AG and CLAAS regularly share their knowledge and findings with each other. The Harsewinkel-based machinery manufacturer takes their machines onto the test fields to reap and mow, so they can improve their own equipment and develop adapted accessories and attachments for farmers later on and tell KWS SAAT AG whether a variety, despite growing well and being palatable to bacteria, might not be all that suitable for typical harvesting methods.

After all, if farmers had to buy new machinery in order to grow a new variety, it would wipe out all the savings made – and then it would be irrelevant how great the new plant's name sounded.

To develop a truly robust plant, you need to subject it to the toughest of conditions. Plants that grow on regardless may have the potential to hit the market as a new variety one day.



Keeping on Moving

Those who want to be up there at the top with the big global players need to keep moving – changing, growing, evolving – because movement releases new energy. In this interview, Cathrina Claas-Mühlhäuser, Chairwoman of the Supervisory Board and shareholder, talks about the success factors that have characterized CLAAS from its beginnings.

Mrs. Claas-Mühlhäuser, in 2013, two years from now, CLAAS will be celebrating its 100th anniversary. What are your hopes for the company's future? CLAAS has an amazing team spirit and highly motivated employees who identify with the company, as well as a family shareholder circle which acts as one and is firmly resolved to keep CLAAS a family business. Our corporate culture is strongly influenced by our history as a medium-sized business, with straightforward decision-making processes which outperform cumbersome structures. Together, we make a strong and innovative team. And my principal hope for the future is that it stays that way!

Does that mean you see family businesses as being a business model of the future? CLAAS will soon be 100 years old. There are family businesses that have clocked up over 200 years. That alone proves how adaptable and flexible we are, not only for surviving crises, but also for making the best use of good times to get ahead of the rest. Flexibility is the key, now, in these turbulent times, more than ever. Long-term thinking isn't something we suddenly discovered when sustainability became trendy – it's part of our tradition. We at CLAAS aren't just interested in making a quick buck or keeping our share price high – we want to build a solid business together. I'm confident that this is our motivation. Now and in 50 years' time.

An IPO would probably be very lucrative for CLAAS, and the money it would bring in could finance growth and acquisitions. Aren't you tempted to issue one? Listed companies are subject to different rules than are medium-sized, non-listed ones. Primarily, our choice to remain non-listed has a lot to do with freedom to take business decisions. Furthermore, we've developed financing models which enable us to meet our capital needs without having to issue an IPO. Doing things on our own strength and retaining our independence are very important to CLAAS. This is the view of the whole group of shareholders.

Mrs. Claas-Mühlhäuser, fiscal year 2011 has seen CLAAS achieving record revenue, reversing a two-year trend of decline. It's a fantastic success, no two ways about it. However, one might be forgiven for wondering whether a new crisis might be looming. Any views? We delivered a record result in 2008 and stayed in the black throughout the two following years, despite large revenue losses and an extremely difficult market. We've already exceeded the revenue and results we recorded in 2008. This performance is a demonstration by management and by all our employees that they can handle volatile markets, whether they're going up or down. It's a fantastic achievement of which we can be proud. As I said, we have to be aware that this market volatility will be even more noticeable in the future. But we're ready for it.

Some of CLAAS' markets have both high potential and high risks; Russia is one example. CLAAS is currently getting

more involved in India, China and in Asia in general. It also looks as if Africa will be a medium-term area of focus for you. Is CLAAS beginning to look in a new direction? It's entirely consistent with the strategy we have pursued for many years now. We've been doing business in Russia for 20 years and will keep going there. We're expanding our activities in Asia because things are developing in our favor there and we need to give them further impetus. We've been around in China and Africa for years. We're also continuing to focus on our more traditional markets in Europe and the Americas. In other words, doing the one doesn't mean we stop doing the other. We do both.

How do the Shareholders' Committee, the Supervisory Board and the company's management work together? All management bodies work very closely together in an atmosphere of great trust, as do the shareholders and management, of course. Five of the seven Executive Board members have been at CLAAS for over 20 years – which is a fact despite all claims to the contrary. Roles and responsibilities are clearly defined: the Executive Board has its Articles of Association, the Supervisory Board works in accordance with the definition of its role as enshrined in law, and the Shareholders' Committee works with rules of procedure. Our decision-making channels are short and communication is direct. Each group of shareholders has at least one representative in each of the two supervisory bodies. In other words, we always have 100% of shareholders' votes at meetings. It's the ultimate in corporate governance.

And how do you perceive relations among the CLAAS shareholders? We get on well and are united by our common objective: securing CLAAS' long-term success. We also see it as our responsibility to smooth the path for the fourth generation that will eventually take over. By sticking together, we keep the family business together.

Let's talk about the next generation in a wider sense. How does CLAAS recruit the people it needs for its future success? You should really be asking our head of HR that question. I do know a study has found that our image is strongest among engineering students – which follows, as we're an agricultural engineering company – and that we're very attractive for apprenticeships or vocational training as well. Of course, we're doing a great deal to attract good people at all levels. It definitely works to our advantage that agricultural technology is an industry of the future, perhaps even the industry of the future: after all, one of the biggest challenges facing the world today is to feed a current global total of seven billion people with professional, sustainable methods of agriculture. This can only happen with intelligent agricultural technology – and where better to source it than from CLAAS?

Thank you very much, Mrs. Claas-Mühlhäuser, for taking the time to talk to us.

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Report of the Supervisory Board of CLAAS Kommanditgesellschaft auf Aktien mbH

Dear Business Partners,

The Supervisory Board of CLAAS KGaA mbH monitored and analyzed the Group's business situation and risk position at its regular meetings during financial year 2011. The Supervisory Board's assessments were based on reports by the Executive Board on the Group's strategic orientation, its financial position and financial performance, deviations from the plans made throughout the course of business, and operating decisions. The reports were received in two sessions and used as a basis for the decisions made by the Supervisory Board.

The Supervisory Board's deliberations focused on the sales and earnings outlook, the development of business in comparison to budgets, the acceptance of the auditor's report, the auditing of the annual financial statements of CLAAS KGaA mbH and the CLAAS Group, and plans for the year 2012.

The Supervisory Board also addressed important investment projects, the product portfolio – especially the activities regarding the introduction of the new statutory emission laws – the risk management system and strategic considerations in connection with suppliers to the automotive and aviation industries.

The shareholder representatives on the Supervisory Board are: Cathrina Claas-Mühlhäuser (Chairwoman), Helmut Claas, Dr. Patrick Claas, Reinhold Claas, Christian Boehringer and Gerd Peskes; the employee representatives on the Supervisory Board are: Heinrich Strotjohann, Günter Linke, Michael Köhler, Ulrich Nickol, Jürgen Schmidt (Deputy Chairman) and Carmelo Zanghi.

The financial statements of CLAAS KGaA mbH and the consolidated financial statements of the CLAAS Group as of September 30, 2011, as well as the management reports for CLAAS KGaA mbH and the CLAAS Group were audited by Deloitte&Touche GmbH, Düsseldorf, the auditors elected at the annual general

meeting on January 13, 2011, and appointed by the Supervisory Board. The statements and reports received an unqualified audit opinion on November 24, 2011.

The financial statements of CLAAS KGaA mbH, the consolidated financial statements and management reports as well as the proposal for the appropriation of profit were presented to the Supervisory Board upon completion. These documents as well as the auditor's reports were available to the members of the Supervisory Board and were discussed in detail at the Supervisory Board meeting on December 8, 2011, in the presence of the auditor.

The Supervisory Board then passed the following resolution: Having examined the financial statements of CLAAS KGaA mbH, the consolidated financial statements and management reports as well as the proposal for the appropriation of profit, the Supervisory Board confirmed the results of the audit. No objections were raised. The Supervisory Board therefore approves the consolidated financial statements. It recommends to the shareholders that the annual financial statements of CLAAS KGaA mbH for financial year 2011 be adopted and agrees with the proposal for the appropriation of profits made by the Executive Board of the personally liable partner.

The Supervisory Board would like to thank the Executive Board and all employees for their commitment and achievements during the exceptionally successful financial year 2011.

The tasks in the new financial year will be to increase on the gains achieved in 2011, to further drive the internationalization of business within the CLAAS Group and to maintain, regularly update and renew the product portfolio. It will also be of major importance to actively take advantage of opportunities arising in established and new markets.



Helmut Claas and Cathrina Claas-Mühlhäuser in the office of company founder August Claas, preserved for posterity in its original state.

Harsewinkel, December 8, 2011

Cathrina Claas-Mühlhäuser

The Supervisory Board
Cathrina Claas-Mühlhäuser
(Chairwoman)

Helmut Claas

Dipl.-Ing. Dr. h. c. Helmut Claas
(Member of the Supervisory Board)

Foreword by the Executive Board

*Ladies and Gentlemen,
dear Friends of CLAAS,*

Fiscal year 2011 saw us replicating and exceeding the success we achieved in the exceptional year 2008, recording new highs for CLAAS in terms of revenues and results. In the crisis-hit years 2009 and 2010, we had weathered considerable declines in revenue to achieve a solid positive result with highly respectable returns. Revenue has now grown by 33.5 percent to 3,304 million euros, and we have more than trebled our result. Our dynamism and profitability demonstrate beyond doubt that we are a company that is ready to perform in the future. Our resolute action in preparing for recovery even during the downturn has paid off. CLAAS' outstanding experience in surviving in volatile markets predates the financial crisis. The success we have recorded in fiscal year 2011 is above all down to our high flexibility in all areas of our business and the excellent motivation and performance of the employees who make CLAAS the family business that it is.

Overall economic conditions have been characterized by global economic recovery, an environment in which the agricultural technology industry, along with others, has been able to develop positively. Despite isolated harvest failures in Europe due to a dry spring and rainy summer, we almost matched the sales volume we recorded in 2008.

Prices for agricultural products which remained stable on a high level helped boost demand. Part of the background to these prices was global cereal consumption in excess of production this year. Additionally, the use of biomass to generate energy, primarily in the USA (bioethanol) and Germany (biogas), stimulated demand.

Western Europe saw a marked increase in investments in agricultural technology. Likewise, central European markets rallied from the decline seen in the previous years and began to pick up to the

point that they almost reached the levels last seen in 2008. The market for agricultural technology in eastern Europe and central Asia showed notable growth on the previous year's low levels. In these markets, investments in both tractors and harvesting machinery have increased considerably on last year's figures. However, quantities sold have not yet returned to the record figures seen in 2008, despite the fact that the export limits placed on cereals in some areas were repealed in the second half of the year. The North and South American markets have continued on the high level seen over the previous years, while the agricultural technology market in India has also showed positive development in the fiscal year just concluded.

In China, the adoption of a new five-year plan is creating evident momentum in the development of the country's agriculture. Thus far, the boom in simple technology for small fields has been countered by limited demand for Western professional technology.

Extensions to our product portfolio in the shape of the launch of a new combine harvester series and the market debut of the world's largest standard tractors drew a great deal of interest, which was additionally bolstered by a new world record set during harvest by a LEXION combine in England. The addition of EASY (Efficient Agricultural Systems) to our product range also created a great impact on the agricultural scene, due to the fact that future improvements in harvesting performance will depend primarily on the use of intelligent assistance systems and process control.

CLAAS' product portfolio, its innovativeness and its reliability as a family business have in 2011 once again persuaded numerous established and new retailers to sell nothing but the CLAAS product range. The new CLAAS sales companies in Austria and



Dr. Theo Freye
Spokesman of the Executive Board of CLAAS KGaA mbH

Romania will likewise each set up a distribution structure focused on CLAAS. In the emerging markets, CLAAS' long-term involvement in the Indian combines market has put it in a market-leading position in this segment.

Overall, we can safely say that CLAAS has been able to increase its market share in almost all product categories. The large growth we have seen in global market share for combines has received an additional boost from the geographical shift in the hub of market activity toward Europe, reversing the slumps seen in this area in the last few years.

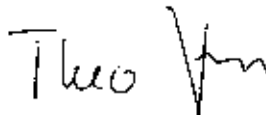
Our strategy is focused on keeping CLAAS Group on a robust course of further growth, on the basis of a strong equity ratio of over 36 percent, high liquidity, a fresh, up-to-the-minute product range and a production network that has taken initial, key steps toward globalization in Russia and India. And thanks to our highly motivated employees, we are "fully charged" with energy. For instance, CLAAS has once again received the accolade of "most attractive employer in agricultural technology for young engineers from German universities". We initiated a large number of investments some time ago for the purpose of safeguarding our strategy. Our strategic road map is clearly defined, with further investments – in products, overhauls for production facilities, and expansions to our distribution network – firmly on the agenda.

The market for suppliers in the automotive and aviation industries has seen great changes in recent years, which have led to forward-looking companies such as CLAAS Fertigungstechnik and BRÖTJE-Automation – which in the past delivered a total of about 5 percent of CLAAS Group revenues – increasingly forging alliances with other providers to act as general contractors. Talks with potential cooperation partners, aimed at creating opportunities for further growth, are ongoing in this context.

When we look toward the future, we consider an excellent basis for sustainable growth in all areas of agricultural technology to be in place. After the substantial spurt we have seen in 2011, we expect the year 2012 to bring business on a similar level, with the

possibility of moderate growth. Nevertheless, it will remain vital for us to monitor specific developments in our markets and influences arising from the overall economic environment. The positive results we have recorded in fiscal year 2011 are the fruit of the combined labors of many. We would like to extend our warmest thanks to all our employees across the globe, whose outstanding commitment has once again provided a living demonstration of CLAAS' core values: to always keep on moving, continuously strive to improve and never lose touch with reality. Our thanks are also due to our customers, suppliers, sales and finance partners, and those working with us on social issues. Finally, we would like to thank our shareholders and supervisory bodies for their consistently critical but constructive and future-focused support for our work. All of these people and groups together have ensured that CLAAS is a healthy company that has set a firm course for continued growth.

Yours sincerely



Dr. Theo Freye
Spokesman of the Executive Board of CLAAS KGaA mbH

Structure of CLAAS KGaA mbH

Personally Liable Partner

Helmut Claas GmbH

Shareholders

Helmut Claas

Günther Claas (community of heirs)

Reinhold Claas

KGaA Shareholders

Family Helmut Claas

Family Günther Claas

Family Reinhold Claas

Shareholders' Committee

Helmut Claas, Chairman

Cathrina Claas-Mühlhäuser, Deputy Chairwoman

Supervisory Board

Cathrina Claas-Mühlhäuser, Chairwoman

Jürgen Schmidt, Deputy Chairman*

Christian Ernst Boehringer

Helmut Claas

Patrick Claas

Reinhold Claas

Michael Köhler*

Günter Linke*

Ulrich Nickol*

Gerd Peskes

Heinrich Strotjohann*

Carmelo Zanghi*

* Employee representatives

Group Executive Board

Theo Freye**

Hermann Garbers**

Ulrich Jochem (until 06/2011)

Lothar Kriszun**

Hans Lampert**

Rolf Meuther

Jan-Hendrik Mohr

Henry Puhl (since 07/2011)

** Executive Board of Helmut Claas GmbH

Authorized Company Representatives

Gerd Hartwig

Stefan Belda



Jan-Hendrik Mohr
Sales

Dr. Henry Puhl
Grain Harvest

Hans Lampert
Finance, Controlling,
and Business Management

Executive Board of the CLAAS Group



Dr. Theo Freye
Marketing and Strategy,
Spokesman of the Executive
Board of CLAAS KGaA mbH

Lothar Kriszun
Tractors

Dr. Rolf Meuther
Forage Harvest

Dr. Hermann Garbers
Technology and Quality

Our dynamism and profitability are proof that CLAAS is in a position to face the future with confidence.

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Group Management Report

Strategy

Long-term strategy provides future security

Stability and corporate success at CLAAS have been based on deeply rooted convictions and principles for almost 100 years. These principles include commitment and a passion for innovation as well as partner-based cooperation and a down-to-earth approach. All corporate activities are geared towards achieving the top technology, quality and customer benefits positions. CLAAS employees live up to this standard.

There was a radical change at the beginning of the 21st century in favor of global agriculture. Human population growth is a long-term trend. Added to this are the advancing rural exodus and the rising level of prosperity with increased per-capita income, especially in the emerging markets. These point toward a clear high-quality, protein-rich food trend.

Fossil fuels are increasingly being replaced by biomass, a form of renewable energy on the non-food side of agricultural production. Both agriculture raw material production types require highly efficient agricultural equipment products and services in order to satisfy growing global needs with only limited available acreage.

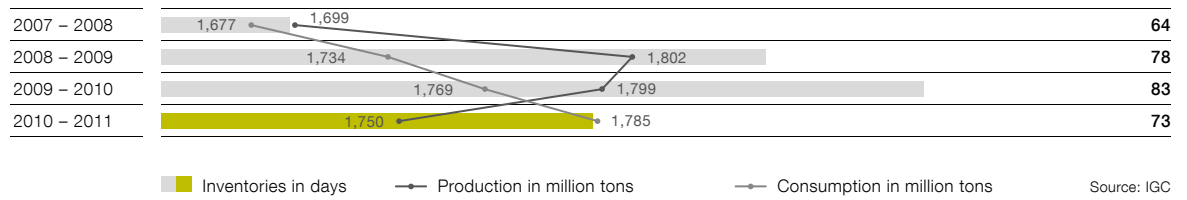
Building on this, CLAAS develops its corporate strategy in a multistage, revolving process. The strategy sets long-term goals and is based on reality and expected conditions. The Company's planned development path defines the direction for the operating divisions:

- The expansion of established market positions in traditional Western and Central European markets, the targeted development of business activities in North America as well as significant growth in future agricultural production countries in Eastern Europe and Asia, especially in India. Here we are working on expanding our production and sales structures.
- Expanding our technology leadership, which is rooted in the Company's quest for innovation.
- Continuous development of after sales, service and financing offerings as well as supplementing innovative precision agriculture products and services.
- Strengthening our value added partnerships in sales as well as procurement and production, using development collaborations and optimizing the supply chain.
- Continuously optimizing structures and processes along the value chain and in administration.
- Focusing on employees with an emphasis on finding and supporting qualified employees. Important here is that they have a passion for agriculture and agricultural engineering, can be deployed around the world, and have recognizable technical and business backgrounds.

The active communications process plays an important role in implementing necessary corporate changes, especially in economically eventful times. Trusting dialog with employees, their representatives as well as suppliers, sales and financial partners ensures that our measures and changes find the necessary backing and receive long-term support from everyone involved.

Grain Production and Consumption

from July 1 to June 30



Industry Trends

The economic environment during the past fiscal year was marked by a global economic recovery. The agricultural engineering industry has enjoyed dynamic growth from its initial low level. In some markets, unit sales even exceeded those of before the economic and financial crisis, and that despite individual weather-induced harvest shortfalls.

According to information provided by the International Grains Council (IGC), global cereal production (excluding rice) in crop year 2010/2011, which in contrast to the CLAAS fiscal year ended on June 30, continued to decline to 1,750 million tons, ending down on the consumption level of 1,785 million tons. The importance of renewable energies on climate protection and reducing independence on fossil fuels continue to rise. Coupled with this is the increasing global promotion of biomass cultivation. This development is accelerating the production of corn and oilseeds. In contrast, declines have been seen in the production of classic cereal crops.

Agricultural produce prices remain comparatively high. The striking price fluctuations seen in recent months are a result of, among other things, high financial liquidity. A temporary correlation between the prices of diesel and ethanol as well as certain cereal crops can also be observed. Average commodity prices rose sharply during the course of the fiscal year; again these fell at the end of the year, although they were still up slightly on what they were at the beginning of the year. For example, the oil price rose from approximately 82 US dollars per barrel to more than 113 US dollars during the course of the year and closed the fiscal year at 86 US dollars per barrel.

Stable cereal, milk and cattle prices had a positive impact on agricultural incomes. The rise in agricultural input costs, such as higher energy costs and increased leased land prices, had the opposite effect. Investment planning for agricultural machinery and equipment is still at a high level.

The agricultural equipment markets in Western Europe were positive on the whole in the last fiscal year. However, the unfavorable weather impacted harvest yields and production quality in some regions. Cereal and oilseeds production was almost on par with the high prior-year level, at 215 million tons. Agricultural produce prices at times reached record highs, which resulted in a rise in real agricultural income. The agricultural



please refer
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Sales per Year

in € million

| | | | |
|------|------|------|---------|
| 2007 | 76.3 | 23.7 | 2,658.9 |
| 2008 | 77.6 | 22.4 | 3,236.2 |
| 2009 | 75.2 | 24.8 | 2,900.8 |
| 2010 | 73.1 | 26.9 | 2,475.5 |
| 2011 | 73.5 | 26.5 | 3,304.2 |

Foreign sales in %
 German sales in %

equipment markets have recovered from the steep drops experienced in the past two years. Particularly the number of tractors being registered has jumped in some countries since January 2011.

The markets in Central Europe recovered following the previous year's slump and were almost on par with 2008 at the end of the fiscal year. State subsidy programs continue to support agricultural investments in some countries. Farmers profited from rising prices despite a further decline in cereal production.

Eastern Europe's agricultural equipment markets saw significant growth on the low prior-year volume. Tractor and harvesting equipment investments have risen substantially year on year, although unit numbers did not match the record year 2008. Modernization demand continues to be high. Weather-induced cereal production declines depressed investments, which resulted in food production drops in some regions. The partially imposed export bans were only lifted in the second half of the year.

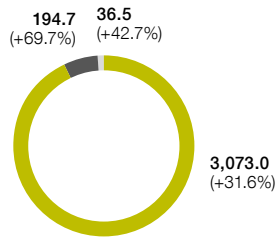
The North American market experienced slight harvest machinery and tractor growth on the previous year's high level. Cereal production declined on account of extreme drought; in addition to this, the production of corn for bioethanol fell significantly in the USA year on year although acreage increased. Discussions on abolishing tax relief for bioethanol do continue.

The markets in South America were on par with the previous year's high level. Although the tractor market saw a slight year-on-year drop, the market for combine harvesters continued to climb. Cereal production again increased slightly despite regional droughts. Brazil profited from ample rain and recorded a very good sojabeen harvest.

India's agricultural equipment markets continued to develop in the last fiscal year. The tractor industry in particular recorded double-digit growth. The good monsoon season gave use to high harvest yield and favorable inventories. Stable prices resulted in good agricultural incomes.

Sales by Division

in € million



■ Agricultural Equipment
■ Production Technology
■ Industrial Engineering

Financial Performance

Sales

CLAAS Group sales up by 33.5%

Fiscal 2011 was a very successful year for CLAAS. Sales to date have set a new Company record at €3,304.2 million. The 33.5% year-on-year increase even surpassed positive expectations. Of the total sales revenues for the reporting year, €3,073.0 million was attributable to Agricultural Equipment (previous year: €2,335.1 million), €194.7 million to Production Technology (previous year: €114.8 million), and €36.5 million to Industrial Engineering (previous year: €25.6 million). The Agricultural Equipment rise was mainly a result of harvester and tractor sale increases.

Western European countries once again made up the strongest CLAAS sales markets with positive overall demand. CLAAS generated 46.4% of total Group sales in Germany and France (previous year: 48.5%). A total of 19.9% of Group sales was attributable to customers in the rest of Western Europe (previous year: 22.4%). Countries in Central and Eastern Europe achieved particularly good year-on-year growth.

Market position improved in most product groups

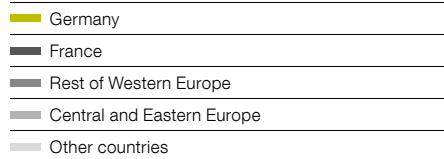
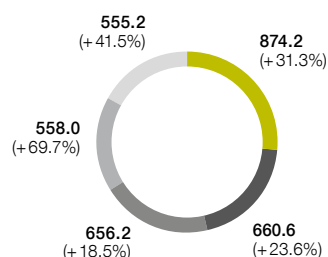
During the course of the year under review, the new harvest machinery business significantly topped the previous year's level. CLAAS succeeded in further improving its market position in most product groups in a positive market environment. Thus, sales of combine harvesters – still the strongest CLAAS product group – increased, particularly in Western Europe. At the same time, CLAAS was able to improve its market position here, as in other key regions.

After combine harvesters, tractors were the product group with the second-highest new equipment sales in the CLAAS Group, in line with the previous year. In a positive market environment, CLAAS succeeded in further improving its market position in most regions, particularly in Western Europe. In Germany alone market share increased to 9%.

Sales of forage harvesters hit a record high in the year under review. Overall market demand continued to benefit from developments in the field of renewable energies. CLAAS has been the global market leader for forage harvesters for years and even improved on this position in most regions.

Sales by Region

in € million



CLAAS was also in a position to increase sales of forage harvesting machinery and balers as well as solidifying and even slightly improving its market position in these product groups.

Income from spare parts and accessories as well as used machinery and the service business again improved on the previous year's high level.

In the Production Technology division, CLAAS registered a sales increase of €79.9 million, or 69.7%, to €194.7 million. The situation in the European aviation and automotive industries has eased noticeably as against previous years and is showing signs of recovery in both sectors. Rising new orders from the automotive industry and the aviation industry were among the main factors for the sales increases.



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The Industrial Engineering division also profited from favorable economic conditions, registering an increase in sales of €10.9 million, or 42.7%, to €36.5 million. The principal buyers of Industrial Engineering products are customers in the agricultural equipment, construction machinery, and municipal technology sectors. As a system supplier for drive technology, hydraulics, and electronics, the Industrial Engineering division also plays an important role in the areas of technology and innovation within the CLAAS Group.

Significant sales increases in all regions

In Western Europe, the most important agricultural equipment market for CLAAS, sales rose to a total of €2,008.4 million (previous year: €1,638.4 million).

Germany and France, the two countries in Western Europe with the biggest agricultural equipment sales for CLAAS, registered a total sales rise of approximately 25.0%, mainly due to the sales trend for combine harvesters and tractors. In most other Western European regions, sales increased in line with the market as a whole. High double-digit growth rates were realized in some regions.

Sales in Central Europe were well above the previous year's level on the whole, with some regions evidencing notable increases. Following the successful expansion of the Company's own sales structures in Poland in 2010, significant sales increases were again generated here. Substantial increases were also recorded in other countries such as Hungary and the Czech Republic.

Income Statement (Summary)



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| | 2011 | | 2010 | |
|-----------------------|--------------|------------|--------------|------------|
| | in € million | in % | in € million | in % |
| Net sales | 3,304.2 | 100.0 | 2,475.5 | 100.0 |
| Gross profit on sales | 823.6 | 24.9 | 580.3 | 23.4 |
| Operating income | 285.9 | 8.7 | 91.8 | 3.7 |
| Financial result | -30.6 | -0.9 | -14.6 | -0.6 |
| Income before taxes | 255.3 | 7.7 | 77.2 | 3.1 |
| Net income | 181.8 | 5.5 | 51.5 | 2.1 |

The recovery of the markets in Eastern Europe resulted in significant sales increases in this region, at times up substantially on the increases seen in the previous year. Demand for CLAAS products was particularly strong in the Russian Federation and in the Ukraine.

Sales in non-European countries were positive on the whole with some regional variation. Substantial gains were made in North America, Australia and some Central Asian countries.

Earnings

Strong results – earnings power up considerably

In a positive market environment, the CLAAS Group generated gross profit on sales of €823.6 million in fiscal 2011, up on the €580.3 million in the previous year. The rise in earnings resulted primarily from the increase in sales in the amount of €828.7 million, or 33.5%. The gross profit margin at 24.9% was again up on the previous year (23.4%), and this time up by a significant 1.5 percentage points. The Group's operating earnings increased from €91.8 million in fiscal 2010 to €285.9 million in the year under review. Income before taxes was more than trebled as against 2010 to €255.3 million. CLAAS therefore generated a significantly improved return on sales before taxes of 7.7% (previous year: 3.1%). The Group's net income, at €181.8 million was €130.3 million up on the previous year's level. The effective tax rate decreased from 33.3% in the previous year to 28.8%.

Analysis of earnings performance

Results in the year under review were much better than those seen in the previous year, which had been strongly influenced by the economic and financial crisis. The year under review closed at a historical high. The general market recovery as well as our attractive products and the measures implemented in previous years to increase efficiency were contributing factors here. Higher research and development project costs countered these.

With overall sales up, CLAAS nonetheless again succeeded in increasing its earnings quality. In addition to the absolute improvement in gross profit on sales by €243.3 million to €823.6 million, CLAAS also succeeded in improving the gross margin by 1.5 percentage points year on year to 24.9%. This result is mainly due to

Expense Structure by Functional Cost

| | 2011 | | 2010 | |
|-------------------------------------|--------------|-------|--------------|-------|
| | in € million | in % | in € million | in % |
| Net sales | 3,304.2 | 100.0 | 2,475.5 | 100.0 |
| Cost of sales | 2,480.6 | 75.1 | 1,895.2 | 76.6 |
| Selling expenses | 308.8 | 9.3 | 285.9 | 11.5 |
| General and administrative expenses | 93.8 | 2.8 | 78.5 | 3.2 |
| Research and development expenses | 148.7 | 4.5 | 125.2 | 5.1 |



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to page 76

the higher harvester and tractor sales volumes. Higher capacity utilization at the production locations also had positive effects on employment. The necessary personnel capacity expansions were made through a combination of measures such as the use of temporary jobs and flextime. An improved product mix and stable pricing also positively influenced earnings. Measures to increase efficiency and reduce costs implemented in fiscals 2009 and 2010 in answer to the economic and financial crisis also positively influenced corporate earnings. This then more than offset increased procurement expenses.

Selling expenses and general and administrative expenses increased compared with the previous year by €38.2 million, or 10.5%. These costs contain initial expenses for the ongoing expansion of sales structures, in Western Europe among other places, which will be stepped up next year. The overall ratio of selling expenses and general and administrative expenses to total sales fell from 14.7% to 12.1% as sales increased sharply. General and administrative expenses rose by 19.5% to €93.8 million. They represented 2.8% of net sales and were thus down 0.4 percentage points year on year. The positive ratios are mainly due to the measures aimed at improving the cost structure as part of "Fitness 2010".

Research and development expenses after adjustment for capitalized development costs and amortization and impairment increased by €23.5 million, or 18.8%, year on year to €148.7 million. This is an indication of the high level of significance CLAAS places on the implementation of its demanding development program. The ratio of research and development expenses to sales was 4.5% (previous year: 5.1%).

Functional costs including amortization of intangible assets and depreciation of property, plant and equipment totaled €74.8 million (previous year: €76.5 million).

Other operating earnings, which is the balance of other operating income and other operating expenses, increased by €12.4 million on the prior year to €13.5 million. Operating earnings in the previous year had been particularly impacted by restructuring expenses.

Due to the positive factors described, operating earnings rose by 211.5% year-on-year to €285.9 million.

Income before Taxes

in € million

| | | |
|------|--|-------|
| 2007 | | 175.8 |
| 2008 | | 248.1 |
| 2009 | | 112.3 |
| 2010 | | 77.2 |
| 2011 | | 255.3 |

The financial result, which is made up of “income from investments, net”, “interest expense and income from securities, net”, and “other financial result” fell by €16.0 million compared to the prior year to reach a loss of €30.6 million (previous year: loss of €14.6 million). Movements of the individual items making up the financial result varied. While “interest expense and income from securities, net” improved by €3.1 million mainly as a result of higher interest income and lower financing costs, “other financial result” fell by €24.0 million. The main reason for this was foreign exchange gains and losses, net: while this had been positively influenced by valuation effects in the previous year, in the reporting period opposite market valuation effects of the currency hedging portfolios had a negative impact. Income from investments rose by €4.9 million to €11.3 million.

In view of the developments described, income before taxes increased from €77.2 million in fiscal 2010 to €255.3 million.

The Group’s net income at €181.8 million was €130.3 million up on the previous year’s level. The effective Group tax rate improved as a result of the good financial performance from 33.3% in the prior year to 28.8%.

In the Production Technology division, CLAAS was able to significantly increase sales and income before taxes in particularly as a result of improved margins. Additionally, the tool making segment was successfully restructured and now focuses on profitable niche markets. Rising unit sales in the agricultural equipment markets also positively affected the business trend in the Industrial Engineering division, and as a result, income before taxes was also increased.

Cash Position

Cash Flows

Cash earnings in the year under review amounted to €255.5 million (previous year: €117.2 million). The rise of €138.3 million was primarily due to the improvement of the earnings situation. The cash flow-to-sales ratio was 7.7% in the past fiscal year (previous year: 4.7%).

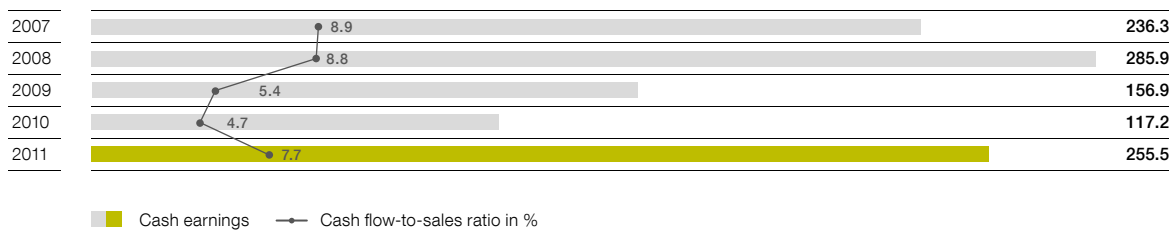


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Financial Performance
Cash Position

Cash Earnings

in € million



CLAAS generated cash flow of €244.5 million from operating activities in fiscal 2011 (previous year: €300.5 million). The positive effects from the significantly improved net income and the change in provisions were partially offset by the higher level of funds tied up in working capital (up €138.3 million). Amortization, depreciation and impairment were up slightly year on year.

Net cash used for investing activities amounted to €46.1 million (previous year: €143.2 million). The increase in capital expenditure for intangible assets (excluding capitalized development costs) and property, plant and equipment compared to the previous year led to an increase of €4.1 million in this figure. The change in securities resulted in positive cash flow of €41.9 million, after net payments of €58.5 million in the previous year. Approximately €4.7 million was generated from the sale of shares of companies and investments, mainly from the sale of the majority shareholding in CLAAS Württemberg GmbH.

Cash flow from financing activities amounted to €-238.6 million in the 2011 reporting year after €-29.4 million in the previous year. The high level of cash outflows in 2011 was mainly a result of the unscheduled repayment of the Schuldscheindarlehen (German Private Placement) as well as dividend payments to shareholders of CLAAS KGaA mbH. The proceeds from the increase in loans and the issuance of bonds resulted in an addition of €4.5 million to net cash.



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Free cash flow amounted to €156.5 million, a reduction on the prior-year figure of €215.8 million. The significantly improved result positively impacted the free cash flow. This was contrasted by the effects from the targeted increase in working capital, which was offset by the change in provisions. Net capital expenditure for intangible assets and property, plant and equipment is up slightly year on year.



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Liquidity and Financing

Continued outstanding liquidity position and good finance structure

CLAAS significantly reduced its financial liabilities and made large dividend payments to shareholders in fiscal 2011. The target increase in working capital also reduced liquid assets. Although liquid assets at €818.8 million as of the reporting date were down on the previous year's very good level (€907.7 million), they were still high. The year-on-year decline in financial liabilities was mainly a result of the partial payment of the bond and the unscheduled repayment of the Schuldscheindarlehen (German Private Placement). Net liquidity rose by €47.6 million as against the previous year.

Statement of Cash Flows (Summary)

| in € million | 2011 | | 2010 | |
|---|----------------|-------------------------|----------------|-------------------------|
| | Free cash flow | Statement of cash flows | Free cash flow | Statement of cash flows |
| Cash and cash equivalents at beginning of year | | 579.6 | | 449.3 |
| Cash flow from operating activities | 244.5 | 244.5 | 300.5 | 300.5 |
| Less net capital expenditure for intangible assets, property, plant and equipment, borrowings and investments | -88.0 | -88.0 | -84.7 | -84.7 |
| Free cash flow | 156.5 | | 215.8 | |
| Change in securities | | 41.9 | | -58.5 |
| Cash flow from investing activities | | -46.1 | | -143.2 |
| Cash flow from financing activities | | -238.6 | | -29.4 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | -3.6 | | 2.4 |
| Change in cash and cash equivalents | | -43.8 | | 130.3 |
| Cash and cash equivalents at end of year | | 535.8 | | 579.6 |



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Due to the seasonal nature of sales in the agricultural equipment industry, substantial financing is needed to fund working capital during the course of the year. By contrast, at the end of the fiscal year the lower level of capital commitments from working capital generally leads to high liquidity levels. In order to reduce seasonal liquidity fluctuations, CLAAS uses asset-backed securitization programs (ABS) to transfer trade receivables to special purpose entities on a revolving basis. Due to seasonal fluctuations, the volume of receivables transferred from these programs varies during the course of the year. At the end of the fiscal year, the volume of the receivables transferred amounted to €142.0 million (previous year: €119.4 million).

Despite the described influences, CLAAS closed the fiscal year with a strong liquidity position, as indicated by the cash ratio and the quick ratio: The cash ratio and the quick ratio as of September 30, 2011 amounted to 80.1% and 121.6% respectively, down on the previous year's figures of 122.1% and 173.8% respectively. The primary reason for the change in these two ratios was the lower level of liquid assets with a rise in current liabilities. The change in current liabilities was primarily due to the reclassifications of non-current financial liabilities to current financial liabilities based on maturity dates.



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As of the 2011 reporting date, financing commitments received by the CLAAS Group totaled €823.0 million (previous year: €961.1 million). The financial commitments in the notes to the financial statements also include the bond (US Private Placement) issued in December 2002 as well as the Schuldscheindarlehen (German Private Placement) agreed in 2009. The bond had a nominal value of 160.0 million US dollars as of the end of the fiscal year following the scheduled repayment of 40.0 million US dollars in December 2010. This instrument has a coupon of 5.76% p.a. and has a remaining term until December 2014. As a result of the positive liquidity developments, an unscheduled €123.5 million repayment of the Schuldscheindarlehen (German Private Placement) was made in June 2011. As of the end of the fiscal year, the Schuldscheindarlehen (German Private Placement) consisted of two fixed-interest tranches due in June 2012 and 2015 with annual interest coupons of 4.34% and 6.04% respectively. CLAAS also has access to a flexible multi-currency credit facility (syndicated loan) in the amount of €250.0 million with a term extending until 2014 that has only been used to a limited extent to date. In terms of its future refinancing options, the CLAAS Group is prepared for the credit capital market to further gain in significance in the coming years for mid-sized enterprises.

Cash Position
Financial Position

Net liquidity

| in € million | Sept. 30, 2011 | Sept. 30, 2010 |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 535.8 | 579.6 |
| Securities | 283.0 | 328.1 |
| Liquid assets | 818.8 | 907.7 |
| Financial liabilities* | 375.9 | 512.4 |
| Net liquidity | 442.9 | 395.3 |

*excluding derivative financial instruments

Along with these financing commitments, the capital base was reinforced by issuing subordinated perpetual securities in the amount of €80.0 million in October 2004. This equity instrument has a coupon of 7.62% p. a.

Financial Position

Solid balance sheet structure

Total Group assets increased marginally by €111.4 million to €2,389.8 million compared to September 30, 2010.

Non-current assets increased by a total of €24.8 million to €586.4 million, with their share in total assets remaining unchanged against the previous year by 24.5%.

Intangible assets decreased by €4.3 million year-on-year to €107.9 million. Additions of €30.8 million (previous year: €29.0 million) were contrasted by amortization and impairment of €35.6 million (previous year: €36.4 million). The focus of capital expenditure for intangible assets was on development costs recognized as an asset.



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Property, plant and equipment increased by €7.1 million, or 2.2%, to €337.6 million. The rise was the result of additions in the amount of €62.9 million (previous year: €58.3 million), which related primarily to payments on account and assets under construction as well as to technical equipment and machinery and land. Depreciation and impairment of €49.6 million (previous year: €47.8 million) was recorded on property, plant and equipment. Disposals at the residual carrying amount totaled €2.2 million (previous year: €3.9 million).



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Equity-accounted investments and other investments of €64.7 million mainly relate to investments in CLAAS Financial Services companies. The €10.4 million increase was due to earnings contributions less the dividends received.



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Balance Sheet (Summary)

| | Sept. 30, 2011 | | Sept. 30, 2010 | |
|--|----------------|--------------|----------------|--------------|
| | in € million | in % | in € million | in % |
| Non-current assets | 586.4 | 24.5 | 561.6 | 24.6 |
| thereof: intangible assets | (107.9) | (4.5) | (112.2) | (4.9) |
| thereof: property, plant and equipment | (337.6) | (14.1) | (330.5) | (14.5) |
| Current assets | 1,803.4 | 75.5 | 1,716.8 | 75.4 |
| thereof: inventories | (559.6) | (23.4) | (418.1) | (18.4) |
| thereof: trade receivables | (264.9) | (11.1) | (244.0) | (10.7) |
| thereof: liquid assets | (818.8) | (34.3) | (907.7) | (39.8) |
| Total assets | 2,389.8 | 100.0 | 2,278.4 | 100.0 |
| Equity | 870.1 | 36.4 | 814.2 | 35.7 |
| Non-current liabilities | 497.3 | 20.8 | 720.6 | 31.6 |
| thereof: financial liabilities | (193.8) | (8.1) | (413.8) | (18.2) |
| thereof: provisions | (236.1) | (9.9) | (225.5) | (9.9) |
| Current liabilities | 1,022.4 | 42.8 | 743.6 | 32.7 |
| thereof: trade payables | (170.8) | (7.1) | (131.8) | (5.8) |
| thereof: provisions | (507.8) | (21.2) | (373.6) | (16.4) |
| Total equity and liabilities | 2,389.8 | 100.0 | 2,278.4 | 100.0 |

Current assets rose by a total of €86.6 million to €1,803.4 million, with their share in total assets remaining almost unchanged as against the previous year at 75.5% (previous year: 75.4%).

Inventories increased by €141.5 million, or 33.8%, to €559.6 million. The increase was mainly due to the rise in production volumes as well as the assembly program and primarily affected raw materials and consumables. Average inventory turnover fell with higher net sales from 18.9% to 14.8%. The increase in inventories resulted in a rise in working capital, which jumped by €138.3 million, or 27.0%, year-on-year to €650.9 million. The share of working capital in total assets amounted to 27.2%.

Trade receivables increased in a sales-related manner by €20.9 million to €264.9 million. Average receivables turnover fell from 9.9% to 7.7% as a result of the above-average increase in sales revenues. The average Days Sales Outstanding (DSO) decreased to 41 days after adjustment for securitized receivables (previous year: 53 days).

Liquid assets, which are composed of cash and cash equivalents plus current securities, fell by €88.9 million to €818.8 million (previous year: €907.7 million). Its share in total assets decreased from 39.8% to 34.3%.

Improved equity-to-assets ratio – good asset and capital structure

CLAAS Group equity increased by €55.9 million to €870.1 million compared to September 30, 2010, which was mainly due to the positive net income of €181.8 million. This was offset in particular by the dividend payments. The equity-to-assets ratio rose to 36.4% (previous year: 35.7%) and is an indication of the Group's strong internal financing power.

Non-current liabilities fell by a total of €223.3 million, or 31.0%, to €497.3 million, mainly due to changes in financial liabilities: an unscheduled €123.5 million repayment of the *Schuldscheindarlehen* (German Private Placement) as well as the reclassifications of non-current financial liabilities to current financial liabilities based on maturity date. Pension obligations as of September 30, 2011 amounted to €185.5 million (previous year: €175.8 million).

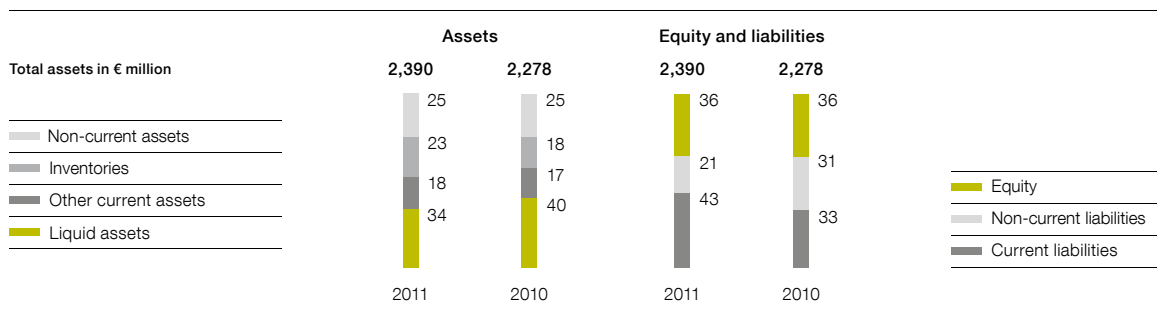


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Financial Position
Capital Expenditure

Balance sheet structure

in %



By contrast, current liabilities increased by €278.8 million to €1,022.4 million. The primary cause of the increase was the rise in current financial liabilities due to the reclassification based on maturity date and the increase in current provisions. The rise in current provisions by €134.2 million to €507.8 million resulted mainly from an increase in obligations in the areas of sales and personnel, which went hand in hand with the improved business trend. The share of current and non-current provisions in total assets totaled 31.1% after 26.3% in the previous year.

Non-current assets were covered by equity and non-current liabilities at a ratio of 233.2% (previous year: 273.3%). Non-current assets plus 50% of inventories were financed by equity and non-current liabilities at a ratio of 157.9% (previous year: 199.2%). These figures show that the CLAAS Group has a sound asset and capital base.

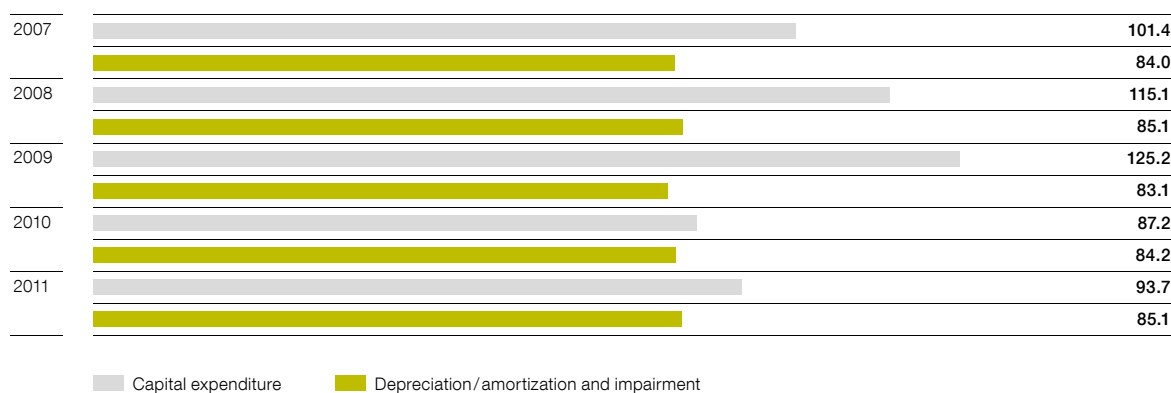
Capital Expenditure

Capital expenditure in the year under review amounted to €106.0 million (previous year: €102.7 million). Most of this amount (€93.7 million) was again attributable to property, plant and equipment (previous year: €87.2 million). Depreciation, amortization and impairment on capital expenditure at €85.1 million was up slightly on the previous year (€84.2 million). Taking into account the sharp rise in sales, the ratio of capital expenditure to sales decreased from 3.5% to 2.8%. Around half of total capital expenditure was made in Germany and abroad respectively.

Capital expenditure on intangible assets once again focused on the continuous development of innovative products and technology, especially for combine harvesters. In total, €25.9 million in development costs were capitalized (previous year: €25.7 million). The R&D capitalization ratio was 17.9% (previous year: 20.9%).

Capital Expenditure and Depreciation/Amortization and Impairment

in € million



With respect to property, plant and equipment, the CLAAS Group invested in expanding and modernizing its production and distribution locations. For example, the capacity at the central logistics center in Hamm was adjusted in line with the rise in demand and an additional warehouse was built. The development center in Bad Saulgau was modernized. Construction will start on a new, energy-efficient office building at head office in Harsewinkel in spring 2012. The first preparatory measures were implemented prior to the end of the year under review. At the same time, the ambitious development program, under which CLAAS is investing heavily in the testing and production of new products, is having an effect on property, plant and equipment.

Research and Development

One of the Company's maxims is to be a first mover in agricultural equipment: CLAAS products offer innovation solutions that often establish unique selling points. To solidify its position and continue to expand, CLAAS invested €144.3 million in research and development in the year under review, a new Company record (previous year: €122.6 million), 80 patent applications were filed in the year under review (previous year: 66); CLAAS has around 3,000 active patents worldwide.

Innovative products and developments

Given the emission standards for diesel and gasoline vehicles imposed by the EU, CLAAS focuses not just on engine technology and exhaust gas cleaning systems but goes one step further with CLAAS Power Systems (CPS) to improve overall engine efficiency. With CPS, CLAAS brings together all competencies needed to generate, transform and use force to develop the best-possible drive system for working on fields.






Following the successful introduction of the new LEXION series, CLAAS is launching a special model on the occasion of the 75th anniversary of the European combine harvester: The LEXION 750 APS Hybrid is equipped with, among other things, the TERRA TRAC track system, which enables a top speed of 40 km/h. There was a recent addition to the AVERO combine harvester family in fiscal 2011. The new AVERO 160 model supplements the CLAAS range of products for small- and medium-sized operations which operate their own machinery.



For further information, please visit our Web site www.claas.com >
 Select country site >
 Products

Research and Development Costs*

in € million

| | | |
|------|--|-------|
| 2007 |  | 109.6 |
| 2008 |  | 113.8 |
| 2009 |  | 124.8 |
| 2010 |  | 122.6 |
| 2011 |  | 144.3 |

* Before capitalized and amortized development costs.

The newly developed NIR sensor conducts real-time analysis of the crop using near-infrared spectroscopy. The sensor was exhibited in November at Agritechnica 2011 in the Company’s JAGUAR 980 and won a silver medal.

CLAAS also demonstrated its innovative approach in the tractor segment: the new AXION 900 was presented to industry experts at the SIMA in Paris in February 2011. It fits perfectly in the range of CLAAS products between the AXION 800 and the XERION. The AXION 900 is a high-performance standard tractor with more than 400 hp that CLAAS engineers developed. It combines maximum driving and operating comfort with power as well as low fuel consumption.

German specialist journalists have chosen both the AXION 900 and the JAGUAR 980 with the NIR sensor as the “machines of 2012” in their relevant categories.

CLAAS expanded its baler portfolio with the new QUADRANT 3300. The new square balers combine highest baling density and maximum throughput with a 90 cm by 120 cm bale.

CLAAS has developed three new CORTO drum mowers with additional working widths. The proven F PROFIL kinematic technology was improved once more for the new CORTO mowers. In principle, the mower unit is guided by the ground rather than by the tractor. With the DISCO 9100 C AUTOSWATHER, CLAAS has introduced a professional mower combination with a swathing belt of almost ten meters, which will be ideal for farm contractors, large farms and owners of biogas plants.

Efficient Agriculture Systems (EASY) – bundled CLAAS electronic competencies – was further integrated into production series in the year under review. A number of patent applications were filed in this area in 2011, including ones for crop flow optimization as well as camera-based process monitoring and the automatic monitoring of crop quality.

Purchasing

Material costs in the year under review amounted to €2,057.1 million after €1,561.5 million in 2010. The material ratio totaled 62.3% compared to 63.1% last year. Approximately 80% of the purchasing volume was processed by 30% of suppliers.

The high and continuously rising manufacturer demand, scarce material availability as well as volatile supplier prices posed significant purchasing challenges. The environmental disaster in Japan in March 2011 caused additional tension, especially in the availability of electronics and roller bearings. However, none of this caused any material supply shortages thanks to the very good historic ties CLAAS has to its suppliers.

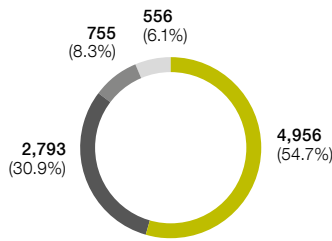
Preventive risk management allowed cyclical higher liquidity requirements of some suppliers to be identified and reacted to in time. This meant that individual supplier insolvencies did not result in any production disruptions.

In Global Supplier Management, the segments Global Sourcing as well as Supplier Management and Development were merged and additional personnel recruited. This ensures the consistent handling of the supplier pool from supplier evaluation to supplier development. Regular talks held in the areas of purchasing, development, production/logistics and quality bring together, amend and prioritize decentralized supplier development projects in the production companies.

The optimization of product costs was and is a key issue for CLAAS. The path of continuous value chain analyses embarked on has been maintained in numerous projects. The next step is to integrate the value analysis specialists in the production companies' operating processes and support this with centrally-acquired know-how. This then allows the available potential to increase customer benefits, reduce costs and boost margins to be realized for both existing and newly developed products.

CLAAS also intensified purchasing activities in North America, Russia and the emerging countries with special projects. The project in Russia in particular reflects the growth ambitions of CLAAS in this region.

Employees by Region



Employees

Continuity

Quality and sustainability are the highest priorities at CLAAS, a family-owned company. The corporate culture is marked by a passion for the products, above-average commitment as well as forward-looking thinking and acting.

Personnel policies based on continuity and identification with the Company form the basis for stable jobs and professional development opportunities at CLAAS and also promote employee loyalty.

Number of employees worldwide is up

The CLAAS Group employed a total of 9,060 people as of September 30, 2011 against 8,968 in the previous year. 45.3% of these people were employed outside Germany. The greatest number of employees abroad are in France (25.5%). A total of 538 people were in vocational training throughout the Company at the end of the fiscal year (previous year: 584).



please refer to page 119

The rise in the number of employees as against the previous year is mainly a result of the new workers engaged outside Germany.

CLAAS has a balanced age structure; the average age of employees in Germany as of the reporting date was 41 years. Staff turnover continues to be low.

The positive economic developments in the year under review caused an increase in employee demand and thus resulted in a 10.5% rise in personnel expenses to €540.4 million (previous year: €489.0 million) – corresponding to a 16.4% share of Group sales (previous year: 19.8%).

Increased internationalization of personnel development and marketing

The future CLAAS strategy is mainly based on having qualified young talent, systematic training and personnel development. For this reason, CLAAS has been training young people in Germany in various technical and business professions and as part of the German “dual study” system. The same applies to the other



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Trainees



countries in which CLAAS has operations such as France, Russia, the USA, and India. The ratio of trainees to full-time equivalents in Germany was 7.8% (previous year: 8.5%). This has been at a high level and above the industry average for many years.

The interest in agricultural engineering being shown by budding engineers is growing notably. Here, the CLAAS Group is an increasingly favored employer for engineers. CLAAS was rated the 36th most favored employer on an employer ranking list in the year under review (previous year: 44). Climbing once more up the list confirms the positive economic development as well as the targeted personnel marketing and employer branding of our Group. CLAAS continues to focus on maintaining intensive contact to colleagues and universities in Germany and abroad to further strengthen this position. International collaboration also ensures that we have access to current developments in agricultural technology abroad.

As part of our internationally successful junior staff advancement and succession planning trainee program, CLAAS provided 20 graduates with the opportunity to prepare for responsible positions within the Company in the year under review. This program is offered worldwide and focuses on various areas: in the USA, the focus is on sales, whereas the focus in France, Russia, India or Hungary is primarily on engineering. Training is also done 'on the job' and qualified graduates are being hired.

We at CLAAS believe that an indispensable part of being a technology leader is to constantly work to improve the expertise of our staff. We achieve this through, among other things, a multifaceted training program that contains targeted seminars. These programs focus on developing methods along with specialist knowledge and social competence and working to promote intercultural cooperation. CLAAS also offers special development programs for project managers and other management executives.

Systematic personnel development and succession planning along with the accompanying supportive measures ensure that we fill some 80% of all management positions worldwide from within our own ranks.

Attractive remuneration and fringe benefits

CLAAS offers interesting and challenging jobs. The remuneration structure is balanced and defined. In addition, all employees have the option of investing a portion of their salary in retirement programs. All employees in Germany can become silent partners in the Company via CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH.

CLAAS acknowledges the importance for employees of being able to balance their family and personal lives with their work. Flextime and part-time models enable large portions of our workforce to arrange their work hours to conform to their individual requirements.

Employee health is also a key component of corporate success given the challenges posed by demographic change. This is why CLAAS human resources policies include activities to promote or maintain health. For example, special health events were staged for employees in Harsewinkel. More than 700 employees participated in general health tests and were advised on healthy eating, sports and the ergonomic optimization of movements at work.

Risk Management

Internal control and risk management system

As a globally active corporate group, CLAAS is subject to various types of risk. In order to systematically identify, measure, and adequately respond to these risks at an early stage, CLAAS has implemented a three-pillar concept of risk management. At CLAAS, one of our goals when taking entrepreneurial action is to deliberately enter into calculable risk to allow us to take advantage of the related opportunities.

In the CLAAS Group, a uniform, Group-wide, risk management system is an integral part of corporate management and control. This serves to take advantage of opportunities, identify any significant risk that could jeopardize the ability of the Company to continue as a going concern, and ensure optimal handling of risk. The risk management system and implemented risk controlling utilizes a wide variety of information for ongoing identification, evaluation, and control of risks. The existing system, which is continually being developed further, complies with all statutory early warning requirements in full.

The Group's reporting system represents an essential element in our continuous monitoring of economic risks. In addition to the external data supplied, detailed internal reports and evaluations are provided to decision makers on a monthly basis. Budgets are monitored for deviations, earnings projections for feasibility, and

any new monetary or non-monetary risks are identified and documented on an ongoing basis. Within existing organizational structures, the risk management system is accounted for and supported by the operating and administrative areas of responsibility. In addition to the regular information provided, an obligation to prepare ad hoc risk reports ensures prompt management action at all times. The internal auditing department of CLAAS is responsible for monitoring the adequacy of the risk management system and compliance with regulations.

The goal of the internal control and risk management system for the financial reporting process and the Group financial reporting process is to ensure the effectiveness of the accounting system and its adherence to generally accepted accounting principles. This system guarantees compliance with statutory norms, financial reporting standards, and intragroup accounting policies, which are binding for all companies included in the consolidated financial statements. The key information on this is available to the entire Group via the CLAAS intranet. We ensure that all information is up to date by conducting continuous analyses of any changes to determine their relevance and their impact on the financial statements. The Group accounting department is primarily responsible for this task. CLAAS prepares its financial statements using a Group-wide reporting system that is also used for preparation of the budget, medium-term planning, and estimates during the fiscal year. The reporting system incorporates principles, processes, and controls to ensure that the financial statements comply with all requirements. The extensive scope of our control processes is exemplified by the following:

- Group-wide specifications for accounting, measurement, and account coding of key items that are updated and communicated to the responsible departments on an ongoing basis
- Organizational measures in combination with controlled access to accounting systems, separation of tasks, and rights to dispose
- Dual control of financial reporting processes and in connection with preparation of the financial statements
- Internal audit procedures
- External service providers

Internal audit conducts regular reviews as well as reviews on a case-by-case basis of whether legal requirements and internal instructions are being adhered to by all companies, both in and outside of Germany, and of whether the internal control system is effective and functional. If necessary, internal audit develops suitable measures to be implemented by the management of the relevant company.

More detail on the main risks is provided below. In addition, the risk related to financial instruments is described in Notes 37 and 38 of the consolidated financial statements.

Industry and company-specific risk

The risk landscape of CLAAS as a globally positioned enterprise is affected by extreme variations in harvest yields due to climate conditions and by decisions on agricultural policies in addition to intense competitive pressure in the industry. Risks and opportunities are managed centrally by monitoring and evaluating market-related indicators in conjunction with the risks of specific countries.

Along with controlled risk taking, acting entrepreneurially also involves dealing in depth with all risks along the value-added chain. Due to faster innovation cycles, research and development are critical in ensuring that innovative and technically mature products are developed and brought to market for the benefit of customers.

Risk on the procurement side is taken into account by constantly observing the relevant markets and entering into the according hedging transactions.

In the production area, all equipment is serviced regularly and any sources of risk are eliminated by modifying the equipment in order to reduce the risk of production downtime. Flexible working time models ensure that the required human resources can be adjusted to meet the degree of capacity utilization. To reduce quality risk, a central quality management department guarantees adherence to and fulfillment of pre-defined standards of quality.

Markets and early warning indicators are carefully observed on an ongoing basis in order to identify any fluctuations in demand or changing buying behavior in our sales markets at an early stage. This ensures that product strategies are kept up to date and are adapted to respond to changed customer requirements and reactions from competitors.



please refer
to page 112 ff.

Financial risk

In recent past, focus has centered on the viability of risk management principles and companies' finance policies. Like other companies, CLAAS has had to ask itself whether its available liquidity commitments would suffice on a sustained basis and whether its refinancing risk was covered. Another question involved whether the Company's finance policy has been sensibly planned and will take account of expected changes at banks and on the capital markets. We can respond in the affirmative to these questions based on our liquidity exposure and financing exposure as described above.

The following remains a key factor in this regard: CLAAS cooperates – just as before the financial crisis – in a broad range of transactions with a virtually unchanged group of proven financial partners having high ratings stability. Our decisions on which partners we intended to work together with had to be adjusted to a very minor extent only. Our financial partners appreciate our policy of including them in our information cycle on a continuous basis even in difficult times, as this provides them with a solid foundation for cooperation.

CLAAS was prepared for a typical risk pattern to ensue from the economic and financial crisis: counterparty and refinancing risk. CLAAS has been managing its investment and derivative positions based on counterparty limits for years. Our system of managing credit risk in Purchasing and Sales has also proven effective. Credit risks that could result from payment default or delayed payments are minimized through effective receivables management, close cooperation with banks, and credit insurance. In addition, our Group treasury department began using PMS performance management software in its full range of functions in 2009 to enable independent evaluations, performance measurement, and forward-looking scenario simulations of our financial instruments. This software is used at CLAAS to rate financial assets and to hedge interest rate and exchange rate risk.

Financial risk and currency risk are countered by employing hedging instruments and by regular, intense monitoring of a set of early warning indicators. Financial liabilities have specified minimum durations, which ensure that refinancing measures can always be prepared on a long-term basis in return for accepting short-term interest rate disadvantages. Moreover, great progress was made in the year under review in further linking the process of liquidity planning and forecasting with existing planning systems throughout the Group. In combination with the internal incentive and sanction mechanisms introduced in earlier years, the CLAAS Group has considerably improved forecasting quality and the speed at which items are recorded in the liquidity planning system.

In the area of dealer and sales financing, our policy of following a captive finance model to a limited extent only has paid off. Our risk mix has remained sustainable thanks to the close integration of CLAAS Financial Services companies into the risk reporting system of a major European commercial bank known for its conservative approach, and our practice of concentrating primarily on business with final consumers.

IT risk

Our uniform global IT strategy allows our systems as well as our security strategies and concepts to be effectively and continuously adapted to reflect current requirements and developments.

Legal risk

Decisions in the CLAAS Group are based on intense legal consultation in order to avoid any risk related to the various provisions and statutes regarding taxes, competition laws, patents, and tort law. When we deem it prudent to enter into risk, the risks are transferred to insurance companies by means of global master policies and national framework agreements on a uniform basis across the Group.

Assessment of the overall risk position of the CLAAS Group

An analysis of the individual risks currently discernible has not identified any risks that – singly or in combination with other risks – could jeopardize the continued existence of the CLAAS Group as a going concern during or beyond the period under review, even in the light of the current economic climate.

Events After the Balance Sheet Date

There were no events or developments after the end of the fiscal year that could have led to material changes in the presentation or the measurement of individual assets or liabilities as of September 30, 2011 or that are subject to disclosure requirements.

Outlook

The Earth is now home to seven billion people and half of these live in cities. Changes in eating habits as well as the growing global population mean that demand for high-grade foods is on the rise. The increasing importance of renewable energies is a further growth factor. The appreciation of land use is rising and requires state-of-the-art agricultural equipment. Good harvest yields will have a positive impact on agricultural incomes with stable crop prices and rising input costs.

According to a prediction made by the IGC, global cereal production (excluding rice) is likely to reach a new record high in crop year 2011 / 2012 at 1,819 million tons. The rise in production was due to the expansion of arable land to 537 million hectare as well as a further rise in average yields to 3.37 tons per hectare. Consumption is also expected to increase by an additional 35 million tons to 1,828 million tons.

The markets in Western and Central Europe are expected to remain constant. Cereal production conditions varied greatly in spring 2011. Meanwhile, the standard spring drought in northwest Europe started unusually early and went on for longer than expected. In contrast, weather conditions in southeast Europe were almost optimal. Above-average rainfalls in May and June are likely to have led to the record yields seen in Romania and Bulgaria. Stable cereal prices will result in a rise in incomes despite increased input costs. The need for mechanization, which receives additional support from government programs, will remain high, especially in Central Europe.

After the drought in crop year 2010 / 2011, weather conditions in the rest of Europe were significantly better this year. With the exception of a short dry spell in May, the winter crops had sufficient rain. The economic climate and financial situation will continue to improve, for which reason the trend is assessed as positive on the whole.

Expectations for the North American markets remain positive. Sustained good harvests and stable commodity prices will likely lead to a rise in agricultural incomes. Based on these factors in combination with continued low interest rates, it can be assumed that investor activity will pick up and markets will see medium to slight growth.

The markets in South America continue to be at a high level. A rise in cereal production is expected particularly in the key markets Brazil and Argentina. We expect market figures to remain stable despite rising input costs, especially for fertilizer.

In India, favorable monsoon rains should result in good harvests and a further stabilization of agricultural incomes. It can also be assumed that government subsidy programs in certain regions will benefit the markets for agricultural equipment.

All in all, CLAAS assesses the market trend as positive for the coming fiscal year. However, given global economic developments and the high and quickly varying financial liquidity, risk exists due to the volatility of procurement prices, such as those for energy, steel, and other commodities, and based on the performance of currencies of significance to CLAAS such as the US dollar and the Russian ruble. Given the budgetary and debt crisis affecting a number of countries in the euro zone, it is currently impossible to say whether the measures of the European stability mechanism will have any effect. The risks are being monitored carefully and appropriate measures are taken where necessary.

The market for automobile and aviation suppliers has changed radically in recent years. This is why forward-looking companies such as CLAAS Fertigungstechnik GmbH in Beelen and BRÖTJE-Automation GmbH in Wiefelstede are increasingly joining forces with other companies to act as general contractors. Negotiations are currently also being held with potential partners to create additional growth opportunities. No results were available at the time this annual report was printed.

CLAAS is forecasting a moderate rise in sales in the coming two years on the basis of this market assessment and the strong sales growth experienced in 2011. We will continue to place high priority on pursuing the measures implemented in previous years to increase efficiency and reduce costs. Higher expenses for the ambitious development program as well as the ongoing expansion of sales structures in Germany and abroad will impact the financial performance. We again expect strong earnings.

Fiscal year 2011 was a year of top performance in many areas of CLAAS.

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Consolidated Income Statement

of the CLAAS Group for the fiscal year ended September 30, 2011

| in € '000 | Note | 2011 | 2010 |
|--|------|----------------|----------------|
| Net sales | (7) | 3,304,214 | 2,475,463 |
| Cost of sales | (8) | -2,480,577 | -1,895,174 |
| Gross profit on sales | | 823,637 | 580,289 |
| Selling expenses | (9) | -308,780 | -285,936 |
| General and administrative expenses | (10) | -93,760 | -78,472 |
| Research and development expenses | (11) | -148,694 | -125,192 |
| Other operating income | (12) | 56,468 | 55,215 |
| Other operating expenses | (13) | -43,018 | -54,151 |
| Operating income | | 285,853 | 91,753 |
| Income from investments accounted for using the equity method, net | | 10,885 | 5,646 |
| Income from other investments, net | | 420 | 721 |
| Interest expense and income from securities, net | | -20,505 | -23,561 |
| thereof: interest and similar expenses | | (-37,058) | (-38,872) |
| Other financial result | | -21,392 | 2,623 |
| Financial result | (14) | -30,592 | -14,571 |
| Income before taxes | | 255,261 | 77,182 |
| Income taxes | (15) | -73,464 | -25,678 |
| Net income | | 181,797 | 51,504 |
| thereof: attributable to shareholders of CLAAS KGaA mbH | | 180,783 | 50,723 |
| thereof: attributable to minority interests | | 1,014 | 781 |

| in € | Note | 2011 | 2010 |
|--------------------|------|-------|-------|
| Earnings per share | (16) | 60.26 | 16.91 |

Consolidated Statement of Comprehensive Income

of the CLAAS Group for the fiscal year ended September 30, 2011

| in € '000 | 2011 | 2010 |
|--|----------------|---------------|
| Net income | 181,797 | 51,504 |
| Net unrealized gains/losses from currency translation | -3,241 | 8,963 |
| thereof: attributable to investments accounted for using the equity method | (136) | (402) |
| thereof: attributable to minority interests | (10) | (86) |
| Net unrealized gains/losses from securities | -3,200 | -94 |
| Net unrealized gains/losses from derivative financial instruments | -3,288 | 264 |
| Other comprehensive income | -9,729 | 9,133 |
| Comprehensive income | 172,068 | 60,637 |
| thereof: attributable to shareholders of CLAAS KGaA mbH | 171,044 | 59,770 |
| thereof: attributable to minority interests | 1,024 | 867 |

Consolidated Balance Sheet

of the CLAAS Group as of September 30, 2011

| in € '000 | Note | Sept. 30, 2011 | Sept. 30, 2010 |
|---|------|------------------|------------------|
| Assets | | | |
| Intangible assets | (17) | 107,918 | 112,198 |
| Property, plant and equipment | (18) | 337,636 | 330,496 |
| Investments accounted for using the equity method | (19) | 61,533 | 52,118 |
| Other investments | | 3,141 | 2,168 |
| Deferred tax assets | (20) | 59,783 | 44,830 |
| Tax assets | | 11,082 | 13,405 |
| Other financial assets | (23) | 2,169 | 4,001 |
| Other non-financial assets | (24) | 3,108 | 2,344 |
| Non-current assets | | 586,370 | 561,560 |
| Inventories | (21) | 559,614 | 418,121 |
| Trade receivables | (22) | 264,859 | 244,009 |
| Tax assets | | 12,735 | 5,647 |
| Other financial assets | (23) | 72,048 | 78,174 |
| Other non-financial assets | (24) | 75,378 | 63,210 |
| Securities | (25) | 282,995 | 328,032 |
| Cash and cash equivalents | (26) | 535,784 | 579,622 |
| Current assets | | 1,803,413 | 1,716,815 |
| Total assets | | 2,389,783 | 2,278,375 |
| Equity and liabilities | | | |
| Subscribed capital | | 78,000 | 78,000 |
| Capital reserves | | 38,347 | 38,347 |
| Other reserves | | 670,120 | 614,672 |
| Subordinated perpetual securities | | 78,616 | 78,616 |
| Equity before minority interests | | 865,083 | 809,635 |
| Minority interests | | 5,041 | 4,558 |
| Equity | (27) | 870,124 | 814,193 |
| Financial liabilities | (28) | 193,846 | 413,773 |
| Silent partnership | (29) | 28,409 | 27,060 |
| Deferred tax liabilities | (20) | 3,453 | 2,019 |
| Other financial liabilities | (30) | 34,298 | 50,052 |
| Other non-financial liabilities | (31) | 1,101 | 2,228 |
| Pension provisions | (32) | 185,471 | 175,843 |
| Other provisions | (33) | 50,674 | 49,628 |
| Non-current liabilities | | 497,252 | 720,603 |
| Financial liabilities | (28) | 182,036 | 98,648 |
| Trade payables | | 170,845 | 131,752 |
| Tax liabilities | | 140 | 266 |
| Other financial liabilities | (30) | 81,921 | 59,344 |
| Other non-financial liabilities | (31) | 79,694 | 79,944 |
| Income tax provisions | (33) | 43,528 | 14,690 |
| Other provisions | (33) | 464,243 | 358,935 |
| Current liabilities | | 1,022,407 | 743,579 |
| Total equity and liabilities | | 2,389,783 | 2,278,375 |

Consolidated Statement of Cash Flows

of the CLAAS Group for the fiscal year ended September 30, 2011

| in € *000 | 2011 | 2010 |
|---|------------------|------------------|
| Net income | 181,797 | 51,504 |
| Amortization/impairment of intangible assets and depreciation/impairment of property, plant and equipment | 86,172 | 83,903 |
| Income from investments accounted for using the equity method, net, if non-cash | - 10,800 | - 5,167 |
| Change in non-current provisions | 10,669 | - 172 |
| Change in deferred taxes | - 10,750 | - 4,198 |
| Other non-cash expenses (+)/income (-) | - 1,600 | - 8,711 |
| Cash earnings | 255,488 | 117,159 |
| Change in current provisions | 134,152 | - 31,312 |
| Income from the disposal of non-current assets | - 1,644 | - 2,770 |
| Change in working capital | - 138,293 | 180,147 |
| thereof: inventories | (- 141,492) | (101,215) |
| thereof: trade receivables | (- 20,850) | (2,283) |
| thereof: trade payables | (39,093) | (40,401) |
| Other change in assets/equity and liabilities, if not investing or financing activities | - 5,166 | 37,312 |
| Cash flows from operating activities | 244,537 | 300,536 |
| Payments for additions to | | |
| Intangible assets and property, plant and equipment (net of development costs recognized as an asset) | - 65,042 | - 60,946 |
| Shares of fully consolidated companies and investments | - 1,842 | - 6,168 |
| Borrowings | - 199 | - 238 |
| Proceeds from disposals/divestments | | |
| Intangible assets and property, plant and equipment | 2,342 | 7,033 |
| Shares of fully consolidated companies and investments | 4,670 | 1,255 |
| Borrowings | 137 | 37 |
| Additions to development costs recognized as an asset | - 28,111 | - 25,656 |
| Change in securities | 41,911 | - 58,470 |
| Cash flows from investing activities | - 46,134 | - 143,153 |
| Proceeds from the increase in loans and the issuance of bonds | 4,460 | 13,562 |
| Repayment of bonds and loans | - 150,518 | - 31,464 |
| Repayment of lease liabilities | - 80 | - 580 |
| Proceeds from silent partnership (CMG) | 1,349 | 1,726 |
| Change in liabilities to shareholders | 22,243 | 9,301 |
| Payments to minority shareholders | - 489 | - 300 |
| Subordinated perpetual securities payout | - 6,096 | - 6,096 |
| Dividend payments | - 109,500 | - 15,600 |
| Cash flows from financing activities | - 238,631 | - 29,451 |
| Net change in cash and cash equivalents | - 40,228 | 127,932 |
| Effect of foreign exchange rate changes on cash and cash equivalents | - 3,610 | 2,347 |
| Cash and cash equivalents at beginning of year | 579,622 | 449,343 |
| Cash and cash equivalents at end of year | 535,784 | 579,622 |

Consolidated Statement of Changes in Equity

of the CLAAS Group as of September 30, 2011

| in € '000 | Other reserves | | | | | | | Sub-ordinated perpetual securities | Equity before minority interests | Minority interests | Equity |
|--|--------------------|------------------|--------------------|------------------------------|---------------|----------------------------------|--|------------------------------------|----------------------------------|--------------------|--------|
| | Subscribed capital | Capital reserves | Accumulated profit | Foreign currency translation | Securities | Derivative financial instruments | Accumulated other comprehensive income | | | | |
| Balance as of Oct. 1, 2009 | 78,000 | 38,347 | 618,456 | -40,281 | 64 | -1,747 | 78,616 | 771,455 | 4,077 | 775,532 | |
| Net income | - | - | 50,723 | - | - | - | - | 50,723 | 781 | 51,504 | |
| Other comprehensive income | - | - | - | 8,877 | -94 | 264 | - | 9,047 | 86 | 9,133 | |
| Comprehensive income | - | - | 50,723 | 8,877 | -94 | 264 | - | 59,770 | 867 | 60,637 | |
| Dividend payments | - | - | -15,600 | - | - | - | - | -15,600 | -534 | -16,134 | |
| Subordinated perpetual securities payout | - | - | -6,096 | - | - | - | - | -6,096 | - | -6,096 | |
| Consolidation adjustments | - | - | 106 | - | - | - | - | 106 | 148 | 254 | |
| Balance as of Sept. 30, 2010 | 78,000 | 38,347 | 647,589 | -31,404 | -30 | -1,483 | 78,616 | 809,635 | 4,558 | 814,193 | |
| Net income | - | - | 180,783 | - | - | - | - | 180,783 | 1,014 | 181,797 | |
| Other comprehensive income | - | - | - | -3,251 | -3,200 | -3,288 | - | -9,739 | 10 | -9,729 | |
| Comprehensive income | - | - | 180,783 | -3,251 | -3,200 | -3,288 | - | 171,044 | 1,024 | 172,068 | |
| Dividend payments | - | - | -109,500 | - | - | - | - | -109,500 | -489 | -109,989 | |
| Subordinated perpetual securities payout | - | - | -6,096 | - | - | - | - | -6,096 | - | -6,096 | |
| Consolidation adjustments | - | - | - | - | - | - | - | - | -52 | -52 | |
| Balance as of Sept. 30, 2011 | 78,000 | 38,347 | 712,776 | -34,655 | -3,230 | -4,771 | 78,616 | 865,083 | 5,041 | 870,124 | |

Notes to the Consolidated Financial Statements

Notes to Consolidation and Accounting

1. Basis of Presentation

CLAAS KGaA mbH, with registered office in Harsewinkel, Germany, is the parent company of the CLAAS Group (in the following, "CLAAS" or the "CLAAS Group").

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB), as adopted by the EU. The consolidated financial statements are supplemented by the Group management report and additional disclosures in accordance with Section 315a of the German Commercial Code (HGB). Prior-year figures were determined in accordance with the same principles.

The consolidated financial statements relate to fiscal year 2011 (October 1, 2010 to September 30, 2011). The income statement was prepared using the cost of sales method of accounting. The balance sheet format makes a distinction between current and non-current assets and liabilities. To improve the clarity of presentation, individual items within the balance sheet and the income statement have been combined insofar as possible and meaningful. These items are analyzed and explained in the notes. The consolidated financial statements have been presented in euros (€). Amounts are stated in thousands of euros (€ '000) or in millions of euros (€ million).

These consolidated financial statements were prepared on November 24, 2011 by the Executive Board of CLAAS KGaA mbH. Approval of the consolidated financial statements by the Supervisory Board is planned for December 8, 2011 at the scheduled Supervisory Board meeting.

2. Scope of Consolidation

The companies included in the consolidated financial statements are CLAAS KGaA mbH and all significant companies that are indirectly or directly controlled by CLAAS KGaA mbH. CLAAS KGaA mbH is said to exercise control when it holds more than half of a company's voting rights, either directly or indirectly, or otherwise has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Significant associates and joint ventures are accounted for using the equity method.

Investments in subsidiaries, joint ventures, and associates whose influence on the financial position or financial performance of the CLAAS Group is immaterial are not consolidated. These investments are accounted for in accordance with IAS 39.

The consolidated financial statements include 19 (previous year: 19) German and 31 (previous year: 30) foreign companies over which CLAAS KGaA mbH exercises direct or indirect control. In the year under review, 2 (previous year: 2) companies were consolidated for the first time. In fiscal year 2011, 11 (previous year: 12)

companies were accounted for using the equity method. First-time consolidation and deconsolidation are undertaken on the date of transfer of control.

Please see Note 46 for a complete list of the CLAAS Group's shareholdings.

In fiscal year 2011, the following major investments in companies were made, and the following new companies established:

- CLAAS Anlagemanagement GmbH, Harsewinkel, Germany, 100.0% stake, newly founded
- Nebraska Harvest Center Inc., Wilmington, Delaware, USA, 100.0% stake, newly founded
- Galuppi Agricoltura srl, Milan, Italy, 25.0% stake acquired
- DESICO S.A., Buenos Aires, Argentina, 10.0% stake acquired

In addition, disposals of investments in the following companies were undertaken in the reporting year. Gains of €2.7 million from the disposal of affiliated companies were mainly reported as other operating income.

- CLAAS Württemberg GmbH, Langenau, Germany, stake reduced from 90.0% to 10.0%
- Landtechnik-Zentrum Chemnitz GmbH, Hartmannsdorf, Germany, stake reduced from 90.0% to 10.0%
- CLAAS Südostbayern GmbH, Mühldorf, Germany, stake reduced from 30.0% to 10.0%

Due to changes in the scope of consolidation, non-current assets decreased by €0.8 million, current assets (excluding cash and cash equivalents) by €24.4 million as well as current and non-current liabilities by €24.8 million.

3. Consolidation Principles

The separate financial statements of the consolidated entities have been prepared using the uniform accounting policies relevant for the CLAAS Group. As a rule, the financial statements are prepared for the fiscal year ending September 30. If the reporting date of a subsidiary is different, interim separate financial statements are prepared as of September 30 and included in the consolidated financial statements.

When consolidating the equity of Group companies, the carrying amounts of the subsidiaries are offset against the respective share in equity of the affiliates at the time of acquisition. Residual amounts arising on the assets side are capitalized as goodwill and subjected to an annual impairment test. Any differences arising on the liabilities side are reported as other operating income.

Investments in associated companies and joint ventures are accounted for using the equity method. Unrealized gains and losses from business transactions between the CLAAS Group and its companies accounted for using the equity method are eliminated on a pro rata basis.

Receivables and payables as well as income and expenses between the consolidated entities are eliminated upon consolidation. Intercompany profits and losses within inventories are adjusted accordingly.

Tax deferrals are recognized for temporary differences arising from the elimination of profits and losses resulting from intragroup transactions, provided the temporary differences are likely to be reversed in future fiscal years. Deferred tax assets and liabilities are offset where applicable.

4. Foreign Currency Translation

Currency translation is based on the functional currency concept in accordance with IAS 21. The functional currency is the currency used in the environment where an entity predominantly operates. As a rule, this is the currency in which cash is generated and expended.

In the consolidated financial statements, with the exception of equity, all balance sheet items of economically independent foreign entities are translated at the closing rate. Equity is translated at historic rates, and expenses and income are translated at the average exchange rate for the fiscal year. Adjustments resulting from currency translations in the balance sheet are excluded from income and reported in equity.

The following exchange rates were used for the currencies significant to the CLAAS Group:

| | | Average rate / € | | Closing rate / € | |
|-------------------|-----|------------------|----------|------------------|----------------|
| | | 2011 | 2010 | Sept. 30, 2011 | Sept. 30, 2010 |
| British pound | GBP | 0.8706 | 0.8687 | 0.8614 | 0.8666 |
| Hungarian forint | HUF | 272.8617 | 275.3448 | 293.4057 | 276.5448 |
| Indian rupee | INR | 63.4031 | 62.4614 | 65.6000 | 61.4043 |
| Polish zloty | PLN | 4.0286 | 4.0403 | 4.4185 | 3.9755 |
| Russian ruble | RUB | 40.9386 | 40.6876 | 43.3169 | 41.7449 |
| Ukrainian hryvnia | UAH | 11.1440 | 10.7704 | 10.7396 | 10.8280 |
| US dollar | USD | 1.3983 | 1.3536 | 1.3417 | 1.3655 |

5. Accounting Policies

Intangible Assets

Intangible assets acquired for a consideration are recognized at cost and, if a useful life can be determined, amortized over the useful life of the asset on a straight-line basis.

The useful life of intangible assets ranges from three to ten years. Depending on the product group, the amortization period for capitalized development costs is between six and ten years. Concessions, industrial and similar rights and assets, and licenses in such rights are amortized over a period corresponding to the expected useful life, which ranges between three and ten years on average. The amortization of concessions, industrial and similar rights and assets, and licenses in such rights is reported under cost of sales.

When the useful life of an asset cannot be determined, the asset is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be permanently impaired. Goodwill is not amortized either, but is subjected to an annual impairment test.

Once they have been fully amortized, intangible assets – with the exception of goodwill – are derecognized.

Property, Plant and Equipment

Property, plant and equipment is measured at cost and, where subject to wear and tear, depreciated in accordance with a depreciation schedule. Movable assets are depreciated on a straight-line basis over their estimated useful life. The useful life of buildings ranges between 20 and 50 years. Other property, plant and equipment is depreciated over a useful life of between three and 20 years.

Borrowing Costs

Any borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of that asset. CLAAS defines qualifying assets as development or construction projects or other assets that will require at least 12 months to complete to a point at which they will be ready for their intended use or sale. If borrowings can be directly allocated to one project, the actual borrowing costs are capitalized. If there is no direct relation, the CLAAS Group's average capitalization rate is applied. The borrowing cost rate for the current period is 5.3% p.a.

Impairment

When conducting impairment tests either annually or upon indication of impairment, the carrying amount is compared with the recoverable amount, which represents the higher of the value in use and the fair value less costs to sell. The value in use is based on the present value of future cash flows expected to arise from the continuing use of the relevant asset or the cash-generating unit and from its disposal at the end of its useful life. If the recoverable amount is less than the carrying amount, an impairment loss is recognized in income. Any subsequent increases in value are taken into account by increasing the carrying amount of the asset, except in the case of goodwill impairment. When conducting the impairment test, the value in use is determined on the basis of the management's medium-term forecast data covering a period of five years. The forecast assumptions are adjusted to reflect current circumstances, taking into account reasonable expectations based on macroeconomic trends and historical developments. Cash flow projections are estimated by extrapolation based on the growth rate of the relevant market segment. The growth rate is currently 1.0% p.a. (previous year: 1.0% p.a.). The value in use is determined on the basis of discount rates ranging between 8.6% and 12.1% p.a. (previous year: 7.1% and 8.0% p.a.) and corresponding to the risk-adjusted minimum yield on the capital market.

Investments Accounted for Using the Equity Method and Other Investments

Pursuant to IAS 28/IAS 31, investments in associated companies and joint ventures are recognized in the amount of the prorated share in equity, provided the CLAAS Group has the possibility of exercising significant influence on these companies. The carrying amounts of the investments are increased or reduced each year to reflect the share of earnings, dividends distributed, and other changes in equity. Other investments that are neither measured at fair value through profit or loss nor held to maturity are classified as “available for sale” financial instruments within the meaning of IAS 39. They are stated at their fair values, provided that the shares held by CLAAS are listed on a stock exchange or quoted market prices are available. Other investments are carried at amortized cost in accordance with IAS 39.46c (less any impairment loss) if no quoted market price exists.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Regular way purchases and sales of financial instruments are recognized as of the settlement date. In accordance with IFRS, financial instruments include primary financial instruments (in the case of CLAAS, subordinated perpetual securities classified as equity instruments as well as other investments and securities, receivables and other financial assets, cash and cash equivalents, a silent partnership, a bond, a *Schuldscheindarlehen* (German Private Placement), and payables) and derivative financial instruments (such as swaps and options).

IAS 39 classifies financial instruments into the following categories: financial assets and financial liabilities at fair value through profit or loss, including the sub-category of financial assets and financial liabilities held for trading; held-to-maturity investments; loans and receivables; available-for-sale financial assets; and financial liabilities measured at amortized cost. The categories pursuant to IAS 39 do not include derivative financial instruments designated as hedging instruments. Derivatives that are not designated as hedging instruments or do not qualify for hedge accounting fall into the category of financial assets and financial liabilities held for trading.

Financial instruments are recognized at amortized cost or at fair value. The amortized cost is calculated using the effective interest method. The fair value of a financial instrument in accordance with IFRS is the amount for which the instrument could be exchanged between knowledgeable, willing parties in an arm’s length transaction other than a forced transaction, involuntary liquidation or distress sale. The fair value generally corresponds to the market value or the stock market price. If the market for a financial instrument is not active, fair value is established using a valuation technique (for example, a discounted cash flow analysis, which applies a discount rate equal to the current market rate of return). The fair value of derivative financial instruments is calculated by discounting the estimated future cash flows at the current market rate of return or by using other common valuation techniques such as option pricing models. Financial instruments for which the fair value cannot be reliably measured are carried at amortized cost.

The fair value option provided for in IAS 39 permits an entity to designate financial assets not held for trading on initial recognition as financial assets measured at fair value, with changes in fair value recognized in profit or loss. This does not include equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. This voluntary designation may only be used in order to

eliminate or significantly reduce a measurement or recognition inconsistency (“accounting mismatch”), if the financial instrument contains one or more embedded derivatives, or if a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis.

At CLAAS, the fair value option is applied provided a financial instrument contains one or more embedded derivatives. Financial instruments (particularly securities) may also be classified into this category if the internal management of the instrument in question is undertaken on a fair value basis. Financial instruments for which the fair value option is exercised are shown by product under the respective balance sheet item. Changes in the value of such items are included in the financial result shown on the income statement. CLAAS made no use of the fair value option in the year under review.

The carrying amounts of financial assets not recognized at fair value through profit or loss are assessed as of each balance sheet date for objective evidence of impairment (such as significant financial difficulty of the issuer or obligor or the probability that the borrower will enter bankruptcy). At CLAAS, the Group-wide specifications state that objective indications of impairment may be substantial financial difficulties on the part of the issuer or obligor or the lack of an active market on which the financial instrument is traded. If any such evidence exists, the resulting impairment loss is recognized in profit or loss. Any impairment loss of an available-for-sale financial asset that was previously recognized directly in equity must be removed from equity and recognized in profit or loss.

Primary Financial Instruments

Securities

The securities held by CLAAS are securities that are neither measured at fair value through profit or loss nor held to maturity (“available for sale”). Securities classified as “available for sale” are stated at quoted market prices (where available).

Unrealized gains and losses from available-for-sale securities stated at fair value are recognized in equity without impact on earnings, taking into account deferred taxes.

Receivables and other financial assets

Receivables and other financial assets are recognized at their principal amount. Adequate allowances are made for anticipated default risks. Reductions of trade receivables for impairment or uncollectibility are made directly or through the use of an allowance account. Impairment losses are recognized for trade receivables any time there is objective evidence of impairment as a result of financial difficulty on the part of the obligor, impending losses, or delinquency in payments or payment concessions granted by CLAAS. The decision as to whether the carrying amount of a receivable at risk of default should be reduced directly or through the use of an allowance account depends on the degree of reliability of the risk assessment. Such assessment is made by the individual portfolio managers. Non-interest-bearing receivables that are not expected to be collected within the normal payment cycle (usually one year) are discounted at the market interest rate in accordance with the maturity of the receivables. CLAAS sells a portion of its trade receivables to third parties, mostly via asset-backed securitization programs. These receivables are carried as assets on the balance sheet provided that the risks and rewards associated with the receivables – particularly credit risks and default risks – are not transferred.

Long-term construction contracts are reported in accordance with the percentage of completion method (POC method). The amount required to be capitalized is reported under receivables and also under net sales. The receivables arise when contractually agreed milestones or certain stages of completion are reached. The stage of completion (= percentage of completion) is based on the incurred contract costs. Existing contracts are reviewed as of each reporting date to assess potential risks. In the case of anticipated losses, corresponding allowances or provisions are recognized.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash to fulfill financial obligations and which are subject to an insignificant risk of changes in value. Since by definition cash equivalents may be sold at any time as part of liquidity management, CLAAS allocates cash equivalents to the "held-for-trading" category. Changes in fair value are recognized in net income from securities. Cash and cash equivalents as reported in the cash flow statement correspond to the same item in the balance sheet.

Liabilities

Liabilities are initially carried at their fair value less transaction costs and subsequently measured at amortized cost; liabilities denominated in foreign currencies are translated at the closing rate.

Derivative Financial Instruments and Hedge Accounting

The CLAAS Group uses derivative financial instruments such as swaps, forward exchange contracts, interest rate swap options, forward interest rate transactions, caps, and floors for hedging purposes. In accordance with IAS 39, all derivative financial instruments must be reported in the balance sheet at fair value under either assets or liabilities. If hedge effectiveness has been clearly determined and documented, hedge accounting is permitted. In hedge accounting, the recognition of changes in the fair value of a derivative instrument depends on the type of hedge. With cash flow hedges, the effective portion of the change in the fair value of a derivative instrument is reported initially as a component of equity and is not recognized in income until the hedged item is recognized in income. The ineffective portion is recognized immediately in income. With fair value hedges, gains or losses resulting from changes in the fair value of a derivative and its underlying transaction are recognized immediately in income.

Hedge accounting is discontinued if the hedging instrument expires or is sold, terminated, or exercised or the hedge no longer meets the criteria for hedge accounting. In such cases, for cash flow hedges the cumulative gains or losses on the hedging instrument that were recognized directly in equity remain in equity until the planned transaction is concluded. If a hedged transaction is no longer expected to occur, the associated cumulative gains or losses that were recognized directly in equity are reclassified to the income statement.

Inventories

Inventories are measured at the lower of cost or net realizable value. Raw materials and consumables as well as merchandise are capitalized at average cost. Work in progress and finished goods are capitalized at production-related full cost, including direct materials and labor and any allocable production overheads from indirect materials as well as production-related administrative costs. Inventory risks that result from reduced marketability, as well as risks arising from an assessment of realizable sale prices, are taken into account by write-downs.

Leases

In the case of finance leases, the leased assets are capitalized and the payment obligations resulting from future lease payments are recognized as a liability on a discounted basis. If CLAAS companies act as lessees in operating leases, the lease payments are recognized as an expense.

Pension Provisions

Pension obligations are calculated using actuarial valuation methods in accordance with the projected unit credit method. This method not only takes into account pensions and accrued vested rights known as of the balance sheet date, but also anticipated future salary and pension increases. The net cumulative unrecognized actuarial gains or losses as of the end of the previous reporting period that exceed the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) or 10% of the fair value of any plan assets are distributed over the expected average remaining working lives of the employees participating in the plan (the "corridor approach").

Deferred Taxes

Deferred taxes calculated in accordance with IAS 12 are reported under separate items in the balance sheet. They reflect future reductions or increases in the tax burden arising from temporary differences between the consolidated financial statements and the tax accounts. Deferred tax assets also comprise tax reduction claims arising from the expected realization of existing loss carryforwards in subsequent years, the materialization of which is sufficiently probable. Deferred taxes are computed using the tax rate that will apply – depending on the current legal situation – at the anticipated point in time when temporary differences are reversed. In foreign countries, country-specific tax rates are used. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that not all of the deferred tax assets will be able to be utilized against future tax gains or if their realization is limited in time.

Other Provisions

Other provisions are recognized as of the balance sheet date for the CLAAS Group's present obligations that have arisen from a past event and are expected to result in an outflow of future economic benefits, and whose amount can be measured reliably. The provision amount corresponds to the best estimate of the probable settlement amount required to fulfill the obligation on the balance sheet date. Significant, non-current other provisions are discounted.

Other provisions relate in particular to warranty obligations of the CLAAS Group, with a differentiation being made between obligations based on planned service inspections and general warranties. Service inspections entail particular risk due to the fact that specific series defects are eliminated in the subsequent year through planned service packages. The provision requirement for service inspections is calculated centrally in accordance with uniform principles. The computation takes into account parameters such as assembly programs, unit numbers, as well as costs of materials and assembly per machine. Provisions for warranties are calculated based on average historical cost per machine type.

Recognition of Revenues and Earnings

Revenue, interest income, and other operating income are recognized upon completion of delivery or service and transfer of risk to the customer. Only revenue from product sales occurring in the ordinary course of business is recognized as revenue. Revenue is recognized less reductions such as bonuses, discounts and rebates.

In the case of long-term construction contracts, revenue is recognized in accordance with the percentage of completion method as contractually agreed milestones or certain stages of completion are reached.

Research and Development Costs

Development costs for internally generated future serial products are recognized as an asset, provided manufacture of the products will generate probable future economic benefits for CLAAS and the other requirements of IAS 38 are fulfilled. The cost comprises all costs directly attributable to the development process plus the relevant development-related overheads. Amortization is undertaken on a straight-line basis as of the start of production over the expected useful life of the product.

Research costs, amortization and impairments of capitalized development costs, and development costs that cannot be capitalized are expensed as incurred in the income statement under research and development expenses.

Government Grants

Pursuant to IAS 20, a government grant is not recognized until there is reasonable assurance that the entity will comply with the conditions attached to it, and that the grant will be received. Government grants not related to assets are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate. Grants related to assets are deducted in arriving at the carrying amount of the asset, and the grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge.

Estimates and Management Judgments

In preparing the consolidated financial statements, it is to some extent necessary to make assumptions and estimates that affect the amount and presentation of assets and liabilities, income and expenses as well as any contingent liabilities in the reporting period. These estimates and assumptions primarily relate to assessing the recoverability of assets, defining a uniform Group standard for the economic lives of property, plant and equipment, and recognizing and measuring provisions based on the current state of knowledge. In particular, assumptions regarding expected business development are based on circumstances at the time of preparation of the consolidated financial statements as well as the probable development of global markets and industries. The actual amounts may differ from the original estimates if outside developments over which management has no control should cause these parameters to change.

At the time the consolidated financial statements were prepared, the assumptions and estimates were not subject to significant risks. Thus from a current perspective, no major adjustments to the carrying amounts of the assets and liabilities disclosed on the balance sheet are to be expected for the following year.

6. New Financial Reporting Standards

The following revised and supplemented or newly issued IFRSs and interpretations were required to be applied for the first time in the past fiscal year:

| Standard/interpretation | | Effective date | Adopted by the EU as of Sept. 30, 2011 | Impact on CLAAS |
|--------------------------|---|----------------|--|-----------------|
| IAS 32 | Financial Instruments: Presentation (Classification of Rights Issues) | Feb. 1, 2010 | Yes | None |
| IFRS 1 | Additional Exceptions for First-time Adopters of IFRS | Jan. 1, 2010 | Yes | None |
| IFRS 1 | Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters | July 1, 2010 | Yes | None |
| IFRS 2 | Share-based Payment | Jan. 1, 2010 | Yes | None |
| IFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments | July 1, 2010 | Yes | None |
| Improvements to IFRSs | Annual Improvement Project 2007–2009 | Jan. 1, 2010* | Yes | None |

*Changes to IFRS 2 and IAS 38 have been applicable since July 1, 2009

In addition, the IASB has published the following standards and interpretations that CLAAS has not applied early:

| Standard/interpretation | | Effective date | Adopted by the EU as of Sept. 30, 2011 | Expected impact on CLAAS |
|--------------------------|--|----------------|--|--|
| IAS 1 | Presentation of Financial Statements (Presentation of Items of Other Comprehensive Income) | July 1, 2012 | No | Immaterial |
| IAS 12 | Deferred Tax (Recovery of Underlying Assets) | Jan. 1, 2012 | No | Immaterial |
| IAS 19 | Employee Benefits | Jan. 1, 2013 | No | Abolition of the corridor approach |
| IAS 24 | Related Party Disclosures | Jan. 1, 2011 | Yes | Immaterial |
| IAS 27 | Separate Financial Statements | Jan. 1, 2013 | No | None |
| IAS 28 | Investments in Associates and Joint Ventures | Jan. 1, 2013 | No | None |
| IFRS 1 | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | Jan. 1, 2012 | No | None |
| IFRS 7 | Financial Instruments: Disclosures (Transfers of Financial Assets) | July 1, 2011 | No | Immaterial |
| IFRS 9 | Financial Instruments: Revision and replacement of all existing standards (classification and measurement) | Jan. 1, 2013 | No | May change classification and measurement of financial instruments |
| IFRS 10 | Consolidated Financial Statements | Jan. 1, 2013 | No | Immaterial |
| IFRS 11 | Joint Arrangements | Jan. 1, 2013 | No | Immaterial |
| IFRS 12 | Disclosure of Interests in Other Entities | Jan. 1, 2013 | No | Immaterial |
| IFRS 13 | Fair Value Measurement | Jan. 1, 2013 | No | Immaterial |
| IFRIC 14 / IAS 19 | Prepayments of a Minimum Funding Requirement | Jan. 1, 2011 | Yes | None |
| Improvements to IFRSs | Annual Improvement Project 2008–2010 | Jan. 1, 2011 | Yes | None |

Notes to the Consolidated Income Statement

7. Net Sales

Net sales pertained almost exclusively to the delivery of goods. This item also included €117.1 million (previous year: €58.5 million) in sales from long-term construction contracts.

8. Cost of Sales

The cost of sales included outgoing freight in the amount of €66.9 million (previous year: €48.8 million). This figure also comprised material costs of €2,057.1 million (previous year: €1,561.5 million).

9. Selling Expenses

Selling expenses comprise expenses for advertising and marketing activities, agent commissions, as well as personnel expenses and administrative material costs of the sales division.

10. General and Administrative Expenses

General and administrative expenses include personnel expenses and material costs of administration including depreciation. For the purpose of the consolidated financial statements, CLAAS regards the administrative expenses of its sales companies as selling expenses. These costs are not included in general and administrative expenses but are allocated to selling expenses.

11. Research and Development Expenses

| in € '000 | 2011 | 2010 |
|---|------------------|------------------|
| Research and development costs (total) | - 144,333 | - 122,578 |
| Development costs recognized as an asset | 25,906 | 25,656 |
| Amortization/impairment of development costs recognized as an asset | - 30,267 | - 28,270 |
| Research and development expenses recognized in the income statement | - 148,694 | - 125,192 |
| R&D capitalization ratio (in %) | 17.9 | 20.9 |

The R&D capitalization ratio – the ratio of development costs recognized as assets to total research and development costs – was 17.9% compared to 20.9% in the previous year. Investments in development costs to be capitalized are on par with the previous year at €25.9 million (previous year: €25.7 million). Research and development costs increased overall resulting in a decline in the capitalization ratio.

12. Other Operating Income

| in € '000 | 2011 | 2010 |
|---|---------------|---------------|
| Release of provisions | 19,336 | 24,220 |
| Pass-through costs | 6,842 | 5,911 |
| Grants and subsidies | 3,911 | 2,703 |
| Measurement of receivables | 2,481 | 1,598 |
| Disposal of affiliated companies | 2,182 | - |
| Disposal of intangible assets and property, plant and equipment | 636 | 4,019 |
| Rental and leases | 415 | 384 |
| Miscellaneous income | 20,665 | 16,380 |
| Other operating income | 56,468 | 55,215 |

Miscellaneous income includes a number of items from consolidated companies that are small in amount.

13. Other Operating Expenses

| in € '000 | 2011 | 2010 |
|---|----------------|----------------|
| Impairment losses on receivables and other assets | -4,609 | -6,075 |
| Personnel expenses | -2,587 | -2,106 |
| Fees, charges, and insurance premiums | -2,113 | -1,344 |
| Disposal of intangible assets and property, plant and equipment | -483 | -897 |
| Miscellaneous expenses | -33,226 | -43,729 |
| Other operating expenses | -43,018 | -54,151 |

Miscellaneous expenses included restructuring expenses of €0.2 million (previous year: €14.2 million).

14. Financial Result

Income from Investments, Net

| in € '000 | 2011 | 2010 |
|---|---------------|--------------|
| Income from investments accounted for using the equity method, net | 10,885 | 5,646 |
| thereof: income from investments accounted for using the equity method | (11,108) | (8,211) |
| thereof: expenses for investments accounted for using the equity method | (-223) | (-2,565) |
| Income from other investments, net | 420 | 721 |
| Income from investments, net | 11,305 | 6,367 |

Interest Expense and Income from Securities, Net

| in € '000 | 2011 | 2010 |
|---|----------------|----------------|
| Interest expense | -35,030 | -36,920 |
| thereof: on non-current provisions | (-69) | (-244) |
| thereof: on finance lease payments | (-85) | (-89) |
| Profits transferred under a partial profit transfer agreement (CMG) | -4,262 | -1,952 |
| Interest and similar expenses net of capitalized borrowing costs | -39,292 | -38,872 |
| Effect of capitalized borrowing costs | 2,234 | - |
| Interest and similar expenses | -37,058 | -38,872 |
| Interest income | 17,245 | 15,664 |
| Income from other securities and loans, net | -692 | -353 |
| Interest expense and income from securities, net | -20,505 | -23,561 |

“Interest expense and income from securities, net” includes all income and expenses resulting from holding or selling securities or financial assets other than investments.

Of the “interest income”, €16.6 million (previous year: €14.6 million) is attributable to financial instruments not recognized at fair value through profit or loss. Of the “interest expense”, €35.0 million (previous year: €36.9 million) refers to financial instruments not recognized at fair value through profit or loss. “Profits transferred under a partial profit transfer agreement (CMG)” reflect payments based on Group net income with respect to the silent partnership held by CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH.

Other Financial Result

| in € '000 | 2011 | 2010 |
|--|----------------|--------------|
| Miscellaneous financial expense | -6,204 | -4,055 |
| Miscellaneous financial income | 123 | 294 |
| Foreign exchange gains and losses, net | -15,311 | 6,384 |
| Other financial result | -21,392 | 2,623 |

In the past fiscal year, miscellaneous financial expenses included €0.7 million (previous year: €0.5 million) in fees relating to financial instruments. As in the previous year, no impairment was recognized for financial assets, excluding trade receivables, in fiscal 2011. Net foreign exchange losses in fiscal 2011 reflect, among other items, negative non-cash valuation effects arising from hedges entered into for the following year and the withdrawal of the previous year's valuation effects.

15. Income Taxes

| in € '000 | 2011 | 2010 |
|------------------------------|----------------|----------------|
| Germany | -67,670 | -18,087 |
| Foreign countries | -16,082 | -11,878 |
| Current income taxes | -83,752 | -29,965 |
| Germany | 14,100 | -2,238 |
| Foreign countries | -3,812 | 6,525 |
| Deferred income taxes | 10,288 | 4,287 |
| Income taxes | -73,464 | -25,678 |

As in the previous year, the underlying income tax rates for foreign companies were between 19.0% and 38.0%.

In the year under review, equity increased by €2.6 million (previous year: €0.2 million) due to deferred taxes being offset in accumulated other comprehensive income.

| in € '000 | Sept. 30, 2011 | Sept. 30, 2010 |
|--|----------------|----------------|
| Securities | 218 | -450 |
| Derivative financial instruments | 2,382 | 606 |
| Deferred taxes offset in accumulated other comprehensive income | 2,600 | 156 |

Income taxes in the reporting period were €0.6 million lower than the theoretical tax expense that would have resulted from the application of the Group tax rate of 29.0% (previous year: 29.0%). The Group tax rate consisted of the domestic corporate income tax, the solidarity surcharge, and the municipal tax rate.

The following table shows the reconciliation from theoretical to actual tax expense:

| | 2011 | | 2010 | |
|---|----------------|-------------|----------------|-------------|
| | in € '000 | in % | in € '000 | in % |
| Income before taxes | 255,261 | | 77,182 | |
| Theoretical tax expense | -74,026 | 29.0 | -22,383 | 29.0 |
| Difference in foreign tax rates | 2,539 | -1.0 | 2,820 | -3.6 |
| Tax effects on | | | | |
| aperiodic tax payments (-)/credits (+) | -246 | 0.1 | 439 | -0.6 |
| non tax-deductible expenses (-) and non-taxable income (+) and impact of unrealized offsetting/lack of offset possibilities | -2,179 | 0.8 | 1,025 | -1.3 |
| associated companies accounted for using the equity method | 3,157 | -1.2 | 1,637 | -2.1 |
| revaluation of deferred taxes based on future tax rates | 32 | 0.0 | 935 | -1.2 |
| other consolidation effects | 1,059 | -0.4 | 686 | -0.9 |
| miscellaneous | -3,800 | 1.5 | -10,837 | 14.0 |
| Effective tax expense | -73,464 | 28.8 | -25,678 | 33.3 |

16. Earnings and Dividends per Share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of CLAAS KGaA mbH by the average number of shares. As CLAAS did not issue potential shares such as options or convertible bonds that would dilute earnings per share, basic and diluted earnings per share are identical.

| | | 2011 | 2010 |
|---|----------------|---------|--------|
| Net income attributable to the shareholders of CLAAS KGaA mbH | (in € '000) | 180,783 | 50,723 |
| Number of shares as of Sept. 30 | (in thousands) | 3,000 | 3,000 |
| Earnings per share | (in €) | 60.26 | 16.91 |

The proposed dividend for fiscal year 2011 is €6.50 per share. €36.50 per share was paid out in the past fiscal year.

Notes to the Consolidated Balance Sheet

17. Intangible Assets

| in € '000 | Concessions, industrial and similar rights and assets, and licen- ses in such rights | Goodwill | Payments made on account | Development costs recognized as an asset | Total |
|-------------------------------------|--|---------------|-----------------------------|--|----------------|
| Cost | | | | | |
| Balance as of Oct. 1, 2009 | 54,878 | 71,221 | 385 | 140,340 | 266,824 |
| Currency translation | 39 | - | - | - | 39 |
| Changes in scope of consolidation | -452 | -431 | - | - | -883 |
| Additions | 3,171 | 119 | 44 | 25,656 | 28,990 |
| Disposals | -6,577 | - | - | -13,538 | -20,115 |
| Government grants | - | - | - | -576 | -576 |
| Reclassifications | 449 | - | -385 | - | 64 |
| Balance as of Sept. 30, 2010 | 51,508 | 70,909 | 44 | 151,882 | 274,343 |
| Currency translation | -30 | - | - | -12 | -42 |
| Changes in scope of consolidation | -96 | - | - | - | -96 |
| Additions | 2,688 | - | - | 28,111 | 30,799 |
| Disposals | -5,857 | - | - | -3,986 | -9,843 |
| Government grants | - | - | - | -495 | -495 |
| Reclassifications | 1,091 | - | -7 | - | 1,084 |
| Balance as of Sept. 30, 2011 | 49,304 | 70,909 | 37 | 175,500 | 295,750 |
| Amortization/impairment | | | | | |
| Balance as of Oct. 1, 2009 | 41,875 | 59,945 | - | 44,844 | 146,664 |
| Currency translation | 30 | - | - | -15 | 15 |
| Changes in scope of consolidation | -365 | -431 | - | - | -796 |
| Additions (amortization) | 5,838 | - | - | 22,873 | 28,711 |
| Additions (impairment) | 2,294 | - | - | 5,397 | 7,691 |
| Disposals | -6,577 | - | - | -13,538 | -20,115 |
| Government grants | - | - | - | -25 | -25 |
| Balance as of Sept. 30, 2010 | 43,095 | 59,514 | - | 59,536 | 162,145 |
| Currency translation | -33 | - | - | - | -33 |
| Changes in scope of consolidation | -85 | - | - | - | -85 |
| Additions (amortization) | 4,751 | - | - | 21,495 | 26,246 |
| Additions (impairment) | 579 | - | - | 8,771 | 9,350 |
| Disposals | -5,780 | - | - | -3,986 | -9,766 |
| Government grants | - | - | - | -25 | -25 |
| Balance as of Sept. 30, 2011 | 42,527 | 59,514 | - | 85,791 | 187,832 |
| Net carrying amount | | | | | |
| Balance as of Sept. 30, 2010 | 8,413 | 11,395 | 44 | 92,346 | 112,198 |
| Balance as of Sept. 30, 2011 | 6,777 | 11,395 | 37 | 89,709 | 107,918 |

Recognition of the cost of intangible assets amounted to €30.8 million (previous year: €29.0 million) and included €2.2 million in capitalized borrowing costs. In the past fiscal year, these only referred to development costs recognized as an asset.

Impairments of concessions, industrial and similar rights and assets, and licenses in such rights were recognized in the amount of €0.6 million.

The existing goodwill was attributable to the Agricultural Equipment division. The goodwill was tested for impairment in the fiscal year as part of the annual impairment test. As in the previous year, this did not lead to any impairment losses on the goodwill of individual cash-generating units.

For development costs recognized as an asset, impairment tests are performed on a case-by-case basis, i.e. when an indication of impairment exists. In some cases, the required impairment test led to recognition of an impairment loss; total impairment losses amounted to €8.8 million (previous year: €5.4 million). The corresponding impairment losses were recognized as research and development expenses.

The impairment losses resulted from reduced cash flow forecasts and market-related changes in the cost of capital. The forecast assumptions were adjusted to reflect current circumstances and future market expectations, which led to correspondingly lower values in use.

18. Property, Plant and Equipment

| in € '000 | Land, land rights and buildings including buildings on third-party land | Technical equipment and machinery | Other equipment, operating and office equipment | Payments on account and assets under construction | Finance leases | Total |
|-------------------------------------|---|---|---|--|----------------|----------------|
| Cost | | | | | | |
| Balance as of Oct. 1, 2009 | 255,976 | 346,252 | 183,216 | 34,260 | 1,843 | 821,547 |
| Currency translation | 2,203 | 1,617 | 801 | 51 | -7 | 4,665 |
| Changes in scope of consolidation | -2,338 | -128 | -753 | - | - | -3,219 |
| Additions | 8,456 | 17,340 | 9,992 | 22,374 | 167 | 58,329 |
| Disposals | -3,089 | -15,826 | -11,894 | -939 | -16 | -31,764 |
| Reclassifications | 10,650 | 14,341 | 4,423 | -29,605 | 127 | -64 |
| Balance as of Sept. 30, 2010 | 271,858 | 363,596 | 185,785 | 26,141 | 2,114 | 849,494 |
| Currency translation | -961 | -1,101 | -745 | -344 | -19 | -3,170 |
| Changes in scope of consolidation | -24 | - | -1,702 | - | - | -1,726 |
| Additions | 6,190 | 13,099 | 14,037 | 29,498 | 59 | 62,883 |
| Disposals | -1,545 | -12,975 | -8,302 | -40 | -336 | -23,198 |
| Reclassifications | 3,870 | 6,318 | 3,048 | -14,320 | - | -1,084 |
| Balance as of Sept. 30, 2011 | 279,388 | 368,937 | 192,121 | 40,935 | 1,818 | 883,199 |
| Depreciation/impairment | | | | | | |
| Balance as of Oct. 1, 2009 | 102,823 | 263,420 | 131,489 | - | 1,371 | 499,103 |
| Currency translation | 797 | 653 | 451 | - | -304 | 1,597 |
| Changes in scope of consolidation | -918 | -107 | -644 | - | - | -1,669 |
| Additions (depreciation) | 7,155 | 27,396 | 13,046 | - | 147 | 47,744 |
| Additions (impairment) | - | 75 | - | - | - | 75 |
| Disposals | -970 | -15,341 | -11,525 | - | -16 | -27,852 |
| Reclassifications | 15 | - | -15 | - | - | - |
| Balance as of Sept. 30, 2010 | 108,902 | 276,096 | 132,802 | - | 1,198 | 518,998 |
| Currency translation | -88 | -533 | -381 | - | 9 | -993 |
| Changes in scope of consolidation | -12 | - | -937 | - | - | -949 |
| Additions (depreciation) | 7,136 | 27,634 | 13,591 | - | 146 | 48,507 |
| Additions (impairment) | - | 114 | 930 | - | - | 1,044 |
| Disposals | -874 | -11,927 | -7,950 | - | -293 | -21,044 |
| Reclassifications | -2 | 358 | -356 | - | - | - |
| Balance as of Sept. 30, 2011 | 115,062 | 291,742 | 137,699 | - | 1,060 | 545,563 |
| Net carrying amount | | | | | | |
| Balance as of Sept. 30, 2010 | 162,956 | 87,500 | 52,983 | 26,141 | 916 | 330,496 |
| Balance as of Sept. 30, 2011 | 164,326 | 77,195 | 54,422 | 40,935 | 758 | 337,636 |

Total depreciation/impairment of €49.6 million (previous year: €47.8 million) was recorded on property, plant and equipment in fiscal year 2011. This figure includes impairment losses of €1.0 million (previous year: €0.1 million).

For property, plant and equipment, impairment tests are performed on a case-by-case basis, i.e. whenever an indication of impairment exists. Impairment losses of €0.9 million (previous year: €0.0 million) mainly related to other equipment, operating and office equipment. The impairment loss on technical equipment and machinery amounted to €0.1 million (previous year: €0.1 million). This impairment loss on property, plant and equipment is reported under cost of sales.

The net carrying amounts attributable to finance leases relate primarily to other equipment as well as to operating and office equipment.

As in the previous year, the CLAAS Group did not secure its tangible assets by mortgages. As of September 30, 2011, contractual obligations to purchase items of property, plant and equipment amounted to €6.9 million (previous year: €1.6 million).

19. Investments Accounted for Using the Equity Method

The following table summarizes the financial data on companies accounted for using the equity method. The figures are based on a 100% investment and not the share held by the CLAAS Group.

| in € '000 | 2011 | 2010 |
|---------------------|-----------|-----------|
| Revenues | 506,637 | 380,817 |
| Income before taxes | 27,026 | 17,272 |
| Assets | 1,503,663 | 1,319,024 |
| Liabilities | 1,343,998 | 1,182,780 |

Revenues include income and expenses, net, provided by financing activities of €32.1 million (previous year: €30.3 million). The balance sheet information is presented as of the balance sheet date used in applying the equity method of accounting.

20. Deferred Taxes

| in € '000 | Sept. 30, 2011 | | Sept. 30, 2010 | |
|-------------------------------|---------------------|--------------------------|---------------------|--------------------------|
| | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| Intangible assets | 1,254 | 26,359 | 1,271 | 27,911 |
| Property, plant and equipment | 4,605 | 11,387 | 4,846 | 11,049 |
| Financial assets | 180 | - | 498 | 77 |
| Inventories | 70,095 | 379 | 54,315 | 1,165 |
| POC receivables | - | 11,316 | - | 8,466 |
| Other receivables and assets | 6,182 | 3,995 | 4,887 | 4,571 |
| Provisions | 74,780 | 1,494 | 63,863 | 2,310 |
| Liabilities | 6,807 | 42,957 | 3,391 | 29,047 |
| Loss carryforwards | 19,618 | - | 18,150 | - |
| Gross amount | 183,521 | 97,887 | 151,221 | 84,596 |
| Valuation allowance | -29,304 | - | -23,814 | - |
| Netting out | -94,434 | -94,434 | -82,577 | -82,577 |
| Carrying amount | 59,783 | 3,453 | 44,830 | 2,019 |

No deferred tax liabilities were recognized for temporary differences related to investments in subsidiaries.

Deferred tax assets and liabilities are offset provided they refer to the same tax subject, are from or to the same tax authority and relate to the same period.

The tax loss carryforwards at Group level in the amount of €58.9 million (previous year: €55.1 million) may be carried forward until fiscal 2014 or later. Of this amount, €58.9 million (previous year: €42.4 million) was assessed as non-realizable. Due to lack of recoverability, a valuation allowance has been recognized for €19.6 million (previous year: €14.1 million) of deferred tax assets on loss carryforwards and €9.7 million (previous year: €9.7 million) of other deferred tax assets. The valuation allowance for deferred tax assets on loss carryforwards is included in miscellaneous items shown in the tax reconciliation (see Note 15).

21. Inventories

| in € '000 | Sept. 30, 2011 | Sept. 30, 2010 |
|--------------------------------|----------------|----------------|
| Raw materials and consumables | 198,675 | 99,681 |
| Work in progress | 57,377 | 36,904 |
| Finished goods and merchandise | 358,011 | 349,261 |
| Payments made on account | 7,345 | 6,413 |
| Payments received on account | -61,794 | -74,138 |
| Inventories | 559,614 | 418,121 |

Impairment losses on inventories in the amount of €1.7 million (previous year: €2.0 million) were recognized in cost of sales.

22. Trade Receivables

| in € '000 | Sept. 30, 2011 | Sept. 30, 2010 |
|------------------------------|----------------|----------------|
| Gross carrying amount | 277,989 | 258,217 |
| Valuation allowance | -13,130 | -14,208 |
| Net carrying amount | 264,859 | 244,009 |

The impairment of trade receivables changed as follows:

| in € '000 | 2011 | 2010 |
|--|---------------|---------------|
| Impairment at beginning of year | 14,208 | 12,053 |
| Changes in scope of consolidation | -90 | -478 |
| Utilization | -1,182 | -1,874 |
| Reversal of/addition to impairment loss, net | 198 | 4,360 |
| Currency translation | -4 | 147 |
| Impairment at end of year | 13,130 | 14,208 |

The following table shows the distribution of trade receivables by the impairment and maturity criteria:

| in € '000 | Sept. 30, 2011 | Sept. 30, 2010 |
|---|----------------|----------------|
| Neither past due nor impaired | 218,673 | 184,723 |
| Not impaired but past due as per the following time frames: | | |
| up to 30 days | 16,388 | 23,809 |
| 31 to 60 days | 7,210 | 7,820 |
| 61 to 90 days | 5,457 | 5,092 |
| more than 90 days | 9,713 | 17,703 |
| Trade receivables adjusted individually for impairment | 7,418 | 4,862 |
| Trade receivables | 264,859 | 244,009 |

The carrying amount of renegotiated receivables was €3.3 million (previous year: €0.8 million) as of the balance sheet date. The amount of interest income received on impaired financial assets was insignificant.

Please also see Note 37 for figures for the credit risk arising from trade receivables.

Asset-backed Securitization

During fiscal 2011, CLAAS transferred trade receivables on a revolving basis in connection with asset-backed securitization (ABS) programs. At the end of the fiscal year, the volume of the receivables transferred stood at €142.0 million (previous year: €119.4 million). The receivables transferred under the ABS programs in the USA and Europe are derecognized in accordance with IAS 39.18b, since CLAAS assumes a contractual obligation to pay the cash flows received (“pass-through arrangement”).

The partially retained risk of default leads to a continuing involvement in accordance with IAS 39.20c (ii) and hence to a proportional derecognition of the receivables. The assets resulting from the continuing involvement of the CLAAS Group amounted to €11.7 million as of September 30, 2011 (previous year: €12.0 million). The liabilities to banks related to the ABS programs amounted to €17.1 million (previous year: €13.1 million).

23. Other Financial Assets

| in € '000 | Current | Non-current | Sept. 30, 2011 | Current | Non-current | Sept. 30, 2010 |
|--|---------------|--------------|----------------|---------------|--------------|----------------|
| Borrowings | - | 1,335 | 1,335 | - | 1,273 | 1,273 |
| Receivables from investments | 8,980 | - | 8,980 | 9,366 | - | 9,366 |
| Derivatives with a hedging relationship | 4,326 | 4 | 4,330 | 6,471 | 1,080 | 7,551 |
| Derivatives without hedging relationship | 2,170 | - | 2,170 | 9,972 | 252 | 10,224 |
| Loan receivables | 1,857 | 64 | 1,921 | 1,985 | 582 | 2,567 |
| Interest receivables | 1,629 | - | 1,629 | 1,414 | - | 1,414 |
| Miscellaneous financial assets | 53,086 | 766 | 53,852 | 48,966 | 814 | 49,780 |
| Other financial assets | 72,048 | 2,169 | 74,217 | 78,174 | 4,001 | 82,175 |

24. Other Non-financial Assets

| in € '000 | Current | Non-current | Sept. 30, 2011 | Current | Non-current | Sept. 30, 2010 |
|------------------------------------|---------------|--------------|----------------|---------------|--------------|----------------|
| POC receivables | 39,022 | - | 39,022 | 29,193 | - | 29,193 |
| Prepaid expenses | 8,743 | - | 8,743 | 7,307 | - | 7,307 |
| Other taxes | 25,877 | 492 | 26,369 | 24,953 | 375 | 25,328 |
| Miscellaneous non-financial assets | 1,736 | 2,616 | 4,352 | 1,757 | 1,969 | 3,726 |
| Other non-financial assets | 75,378 | 3,108 | 78,486 | 63,210 | 2,344 | 65,554 |

Receivables from long-term construction contracts accounted for using the POC method are calculated as follows:

| in € '000 | Sept. 30, 2011 | Sept. 30, 2010 |
|--|----------------|----------------|
| Contract costs incurred | 157,504 | 108,012 |
| Recognized profits less recognized losses | 26,812 | 19,350 |
| Gross amount due from customers for contract work | 184,316 | 127,362 |
| Payments received on account | -145,294 | -98,169 |
| POC receivables | 39,022 | 29,193 |

25. Securities

Current securities amounting to €283.0 million (previous year: €328.0 million) are securities classified as "available for sale" as they are neither part of the trading portfolio nor held to maturity.

Unrealized losses in the amount of €3.2 million (previous year: loss of €0.1 million) from available-for-sale securities are excluded from earnings and reported as a separate component of equity after taking into account the deferred taxes. In fiscal 2011, available-for-sale securities with a nominal value of €240.4 million (previous year: €127.0 million) were sold. This led to a transfer of changes in market value equaling €0.2 million (previous year: €0.9 million) from equity to the income statement. Available-for-sale securities with a total value of €15.6 million (previous year: €14.9 million) are pledged as collateral in order to meet the legal requirements of Section 8a of the German Partial Retirement Act (AltTZG).

26. Cash and Cash Equivalents

Cash and cash equivalents are composed of checks, cash on hand, and bank balances as well as money market funds that fulfill the strict criteria for classification as cash equivalents. As of the balance sheet date, cash and cash equivalents amounted to €535.8 million (previous year: €579.6 million).

Cash and cash equivalents include proceeds from trade receivables transferred under the ABS programs with a total value of €17.1 million (previous year: €13.1 million) that are not freely disposable and are to be transferred to other contracting parties (cash held in trust).

27. Additional Disclosures on Equity

Amounts reported as subscribed capital and capital reserves in the consolidated financial statements correspond to the amounts in the separate financial statements of CLAAS KGaA mbH. The subscribed capital of CLAAS KGaA mbH is composed of 3 million no-par-value registered shares with voting rights. The general partner without capital contribution is Helmut Claas GmbH. The shareholders of the limited partnership, CLAAS KGaA mbH, are all direct and indirect members of the Claas family.

Equity includes subordinated perpetual securities in the nominal amount of €80.0 million. CLAAS reported an equity value of €78.6 million for this equity instrument, net of issuance costs.

The consolidated statement of changes in equity is presented as a separate component of the financial statements.

At CLAAS, the management of capital is governed by provisions of corporate law. The capital under management corresponds to the equity recognized in CLAAS Group's balance sheet. The aim of capital management is to achieve an adequate equity-to-assets ratio.

Should it be necessary to comply with contractual provisions, the capital will in addition be managed in accordance with the relevant requirements.

28. Financial Liabilities

| in € '000 | Current | Non-current | Sept. 30, 2011 | Current | Non-current | Sept. 30, 2010 |
|------------------------------|----------------|----------------|----------------|---------------|----------------|----------------|
| Bond | 29,813 | 89,439 | 119,252 | 29,293 | 117,173 | 146,466 |
| Liabilities to banks | 25,078 | 6,921 | 31,999 | 30,770 | 8,588 | 39,358 |
| Schuldscheindarlehen | 73,006 | 53,500 | 126,506 | - | 250,778 | 250,778 |
| Shareholder loans | 53,739 | 43,450 | 97,189 | 38,273 | 36,673 | 74,946 |
| Lease payables | 400 | 536 | 936 | 312 | 561 | 873 |
| Financial liabilities | 182,036 | 193,846 | 375,882 | 98,648 | 413,773 | 512,421 |

The US private placement bond issued in December 2002 had a nominal amount of 160.0 million US dollars as of the reporting date. The bond, which matures until 2014, carries a coupon of 5.76% p.a.

Interest on liabilities to banks (maturing between 2012 and 2016) is charged at rates of between 3.20% and 5.90% p.a. Of the liabilities to banks, €14.8 million are secured (previous year: €26.2 million). The unsecured liabilities to banks are mainly attributable to very current liabilities in connection with the ABS programs.

In the year under review, CLAAS paid off the Schuldscheindarlehen's (German Private Placement) variable interest rate portion. On the reporting date, the Schuldscheindarlehen now comprises two tranches due in 2012 and 2015 with fixed interest rates of 4.34% and 6.04% p.a. respectively.

The shareholder loans refer primarily to liabilities to shareholders of the limited partnership.

The CLAAS Group had the following financing commitments available as of the reporting date; €562.4 million of which was unutilized (previous year: €538.4 million).

| in € '000 | Current | Non-current | Sept. 30, 2011 | Current | Non-current | Sept. 30, 2010 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Bond | 29,813 | 89,439 | 119,252 | 29,293 | 117,173 | 146,466 |
| Syndicated loans | - | 250,000 | 250,000 | - | 250,000 | 250,000 |
| Credit facilities from banks | 262,688 | 64,521 | 327,209 | 301,539 | 13,059 | 314,598 |
| Schuldscheindarlehen | 73,006 | 53,500 | 126,506 | - | 250,000 | 250,000 |
| Financing commitments | 365,507 | 457,460 | 822,967 | 330,832 | 630,232 | 961,064 |

29. Silent Partnership

The silent partnership of the employee participation company, CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH, is compensated on the basis of performance and is considered subordinated in the event of liability. Pursuant to IFRS, any repayable capital transferred is classified as a financial liability.

In return for its subordinated capital contribution, CMG receives compensation that is based on the performance of the CLAAS Group. CMG also shares in any Group losses. A total of €2.7 million of the silent partnership can be terminated without cause as of September 30, 2012; additional termination-without-cause rights for €15.1 million apply between 2013 and 2016.

30. Other Financial Liabilities

| in € '000 | Current | Non-current | Sept. 30, 2011 | Current | Non-current | Sept. 30, 2010 |
|---|---------------|---------------|----------------|---------------|---------------|----------------|
| Liabilities from bills of exchange accepted and drawn | 3,799 | - | 3,799 | 3,724 | - | 3,724 |
| Liabilities to investments | 21,200 | - | 21,200 | 11,168 | - | 11,168 |
| Derivatives with a hedging relationship | 18,083 | 32,928 | 51,011 | 12,146 | 48,270 | 60,416 |
| Derivatives without hedging relationship | 11,367 | 749 | 12,116 | 845 | 887 | 1,732 |
| Accrued interest | 10,345 | - | 10,345 | 12,268 | - | 12,268 |
| Miscellaneous financial liabilities | 17,127 | 621 | 17,748 | 19,193 | 895 | 20,088 |
| Other financial liabilities | 81,921 | 34,298 | 116,219 | 59,344 | 50,052 | 109,396 |

31. Other Non-financial Liabilities

| in € '000 | Current | Non-current | Sept. 30, 2011 | Current | Non-current | Sept. 30, 2010 |
|---|---------------|--------------|----------------|---------------|--------------|----------------|
| Payments received on account | 22,359 | - | 22,359 | 37,817 | - | 37,817 |
| Deferred income | 16,921 | 655 | 17,576 | 13,959 | 335 | 14,294 |
| Other taxes | 33,846 | 68 | 33,914 | 20,599 | 1,542 | 22,141 |
| Social security | 6,348 | - | 6,348 | 7,368 | - | 7,368 |
| Miscellaneous non-financial liabilities | 220 | 378 | 598 | 201 | 351 | 552 |
| Other non-financial liabilities | 79,694 | 1,101 | 80,795 | 79,944 | 2,228 | 82,172 |

Payments received on account refer to construction contracts, which are accounted for using the POC method.

32. Pension Provisions

CLAAS maintains several defined benefit pension plans for the purpose of providing retirement benefits. These consist primarily of direct commitments to employees in Germany and, to a lesser extent, to employees in France, Italy, and India. There are also four funded plans in Germany, two funded plans in France, and one funded plan in the United Kingdom.

Retirement benefits for persons employed in Germany include both defined benefit pension plans and defined contribution pension plans. Expenses for these plans amounted to €0.3 million in fiscal 2011 (previous year: €0.3 million). In addition, contributions of €22.5 million (previous year: €22.0 million) were made to national pension insurance institutions in Germany.

For employees in the USA, retirement benefits are provided on the basis of contributions to pension funds. After paying these contributions, CLAAS has no further benefit obligations. The sum of the defined contribution pension expenses was €0.4 million in fiscal 2011 (previous year: €0.4 million).

Under the defined benefit pension plans implemented at CLAAS, the Company undertakes to comply with its pension obligations toward active and former employees. The pension provision that covers benefit obligations under defined benefit plans also includes pension fund obligations and is reduced by the amount of the fund assets. Fund surpluses, if any, are capitalized as other assets, while fund deficits are shown as a liability under pension provisions. Pension provisions are recorded for obligations from vested rights and current benefits on behalf of eligible active and former employees and their surviving dependents. Obligations relate primarily to retirement pensions, which are paid in part as basic and in part as supplementary benefits. Pension obligations are normally based on the employees' length of service and remuneration levels.

Pension obligations are calculated using actuarial valuation methods in accordance with the projected unit credit method. This method not only takes into account pensions and accrued vested rights known as of the balance sheet date, but also anticipated future salary and pension increases. The plan assets are measured as of September 30. The cut-off date for the other plans is also September 30. The cumulative unrecognized actuarial gains and losses as of the end of the previous reporting period that exceed the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) or 10% of the fair value of any plan assets are distributed over the expected average remaining working lives of the employees participating in the plan (the "corridor approach").

In the year under review, calculations were based on the iBoxx index for industrial corporate bonds, using a discount rate of 4.9% p.a. (previous year: 3.6% p.a.), future salary rises of 3.0% p.a. (previous year: 3.0% p.a.), and pension increases of 2.0% p.a. (previous year: 2.0% p.a.). These assumptions relate to employees working in Germany, for whom the predominant part of the pension obligations exists. Different country-specific assumptions must be used for employees engaged in other countries.

With regard to the fund-financed obligations of the British subsidiary CLAAS Holdings Ltd., the company's investment guidelines are adhered to when investing plan assets. Accordingly, an excess of fund assets over defined benefit obligations should be permanently maintained, and unnecessary fluctuations in contributions to plan assets are to be avoided. With respect to investment strategy, the focus is on sufficient diversification in order to distribute investment risk over a variety of markets and asset classes. Plan assets are managed by

a trust association – which consists of CLAAS Holdings Ltd. employees – under a trust agreement. The trust association has delegated operational investment decisions to a fund manager. All strategic investment decisions are made by the trust association independently of the employer. Plan assets are divided into equity portfolios and bond portfolios. The allocation of assets is kept within specific investment ranges with respect to type of investment and geographical market. In the year under review and in the previous year, the main focus of investment was on United Kingdom securities.

Pension obligations recognized in the balance sheet changed as follows:

| in € '000 | Sept. 30, 2011 | Sept. 30, 2010 |
|---|----------------|----------------|
| Present value of funded benefit obligations | 42,213 | 43,084 |
| Fair value of plan assets | -47,530 | -45,775 |
| Funded status of funded benefit obligations | -5,317 | -2,691 |
| Present value of unfunded benefit obligations | 184,374 | 224,045 |
| Unrecognized past service cost (-)/return (+) | -645 | -237 |
| Unrecognized actuarial losses (-)/gains (+) | 4,569 | -47,246 |
| Unrecognized amount due to asset ceiling as defined in IAS 19 | - | 3 |
| Net pension liability recognized in the balance sheet | 182,981 | 173,874 |
| thereof: pension provisions | 185,471 | 175,843 |
| thereof: miscellaneous non-financial assets | -2,490 | -1,969 |

The present value of funded and unfunded benefit obligations changed as follows:

| in € '000 | 2011 | 2010 |
|---|----------------|----------------|
| Benefit obligations at beginning of year | 267,129 | 215,001 |
| Current service cost | 7,845 | 6,050 |
| Interest cost | 10,038 | 10,844 |
| Past service cost (+)/return (-) | 431 | - |
| Actuarial losses (+)/gains (-) | -50,684 | 45,106 |
| Losses (+)/gains (-) from plan curtailments | - | -2,534 |
| Actual pension payments | -9,398 | -9,790 |
| Currency translation | 208 | 1,780 |
| Other | 1,018 | 672 |
| Benefit obligations at end of year | 226,587 | 267,129 |

In fiscal 2012, pension payments to the amount of €8.8 million are anticipated.

The following table shows the change in fair value of plan assets:

| in € '000 | 2011 | 2010 |
|---|---------------|---------------|
| Fair value of plan assets at beginning of year | 45,775 | 38,268 |
| Expected return (+)/loss (-) on plan assets | 2,692 | 2,556 |
| Actuarial losses (-)/gains (+) | - 1,246 | 2,826 |
| Employer contributions | 645 | 681 |
| Employee contributions | 643 | 678 |
| Actual pension payments | - 1,630 | - 1,279 |
| Currency translation | 285 | 2,045 |
| Other | 366 | - |
| Fair value of plan assets at end of year | 47,530 | 45,775 |

In fiscal 2012, the employer contribution to plan assets is expected to amount to €0.6 million.

Plan assets are composed of the following:

| in % | Sept. 30, 2011 | Sept. 30, 2010 |
|---------------------------|----------------|----------------|
| Equities | 37.8 | 60.4 |
| Bonds | 54.4 | 31.9 |
| Cash and cash equivalents | 0.4 | 0.5 |
| Other | 7.4 | 7.2 |

The weighted long-term return on investment of the funds is expected to amount to 4.7% p.a. (previous year: 6.0% p.a.) and is primarily attributable to the funded plan in the United Kingdom. The return on plan assets is calculated separately depending on investment category. For the equity portfolio, the current dividend yield of the FTSE All-Share Index plus the inflation rate and the long-term real dividend growth rate is used (6.4% p.a.). For the bond portfolio, return targets are based on a discount rate of 2.9% p.a. This factor is established by using an index of corporate bonds quoted in British pounds with AA ratings and terms of at least 15 years. For cash and cash equivalents, a short-term money market interest rate is used (0.5% p.a.).

Pension expenses for funded and unfunded plans are analyzed as follows:

| in € '000 | 2011 | 2010 |
|---|---------------|---------------|
| Current service cost | 7,845 | 6,050 |
| Interest cost | 10,038 | 10,844 |
| Recognized past service cost (+)/return (-) | 23 | 101 |
| Recognized actuarial losses (+)/gains (-) | 2,336 | 134 |
| Losses (+)/gains (-) from plan curtailments | - | - 2,534 |
| Expected return on plan assets | - 2,692 | - 2,556 |
| Other pension expenses | - | 1 |
| Pension expenses | 17,550 | 12,040 |

Pension provisions are derived from unfunded pension obligations and the deficit in funded pension obligations:

| in € '000 | Sept. 30, 2011 | Sept. 30, 2010 |
|--|----------------|----------------|
| Provisions for unfunded benefit obligations | 182,382 | 173,150 |
| Deficit related to funded benefit obligations | 3,089 | 2,693 |
| Miscellaneous non-financial assets | -2,490 | -1,969 |
| Net pension liability recognized in the balance sheet | 182,981 | 173,874 |

The following table depicts adjustments made from experience, i.e. the effects of differences between the expected pension obligations and plan assets based on previous actuarial assumptions and those actually incurred:

| in € '000 | Sept. 30, 2011 | Sept. 30, 2010 | Sept. 30, 2009 | Sept. 30, 2008 | Sept. 30, 2007 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Present value of benefit obligations | 226,587 | 267,129 | 215,001 | 190,374 | 205,210 |
| thereof: experience adjustments | (3,968) | (3,632) | (1,164) | (11,603) | (-1,636) |
| Fair value of plan assets | 47,530 | 45,775 | 38,268 | 37,335 | 48,976 |
| thereof: experience adjustments | (-1,259) | (2,833) | (2,892) | (-8,091) | (3,466) |
| Funded status | 179,057 | 221,354 | 176,733 | 153,039 | 156,234 |

33. Income Tax Provisions and Other Provisions

| in € '000 | Income tax provisions | Other provisions | | | Total other provisions | Total |
|-------------------------------------|-----------------------|-----------------------|-------------------|---------------------------|------------------------|----------------|
| | | Personnel commitments | Sales obligations | Miscellaneous obligations | | |
| Balance as of Oct. 1, 2010 | 14,690 | 115,879 | 267,918 | 24,766 | 408,563 | 423,253 |
| Changes in scope of consolidation | - | -390 | - | -29 | -419 | -419 |
| Utilization | -5,079 | -81,600 | -151,459 | -7,711 | -240,770 | -245,849 |
| Reversals | -1,517 | -1,793 | -31,364 | -4,701 | -37,858 | -39,375 |
| Additions | 35,609 | 109,985 | 264,574 | 9,421 | 383,980 | 419,589 |
| Interest/change in interest rate | - | 724 | 46 | 23 | 793 | 793 |
| Currency translation | -175 | -6 | 736 | -102 | 628 | 453 |
| Balance as of Sept. 30, 2011 | 43,528 | 142,799 | 350,451 | 21,667 | 514,917 | 558,445 |
| thereof: non-current | - | 27,799 | 16,732 | 6,143 | 50,674 | 50,674 |
| thereof: current | 43,528 | 115,000 | 333,719 | 15,524 | 464,243 | 507,771 |

Income tax provisions include current tax commitments.

Employee benefits mainly comprise provisions for part-time retirement programs, outstanding vacation time, anniversaries, and annual bonuses. Obligations arising from sales primarily relate to provisions for warranty claims, sales bonuses and rebates, and other sales-generating measures.

A total of €18.5 million (previous year: €19.6 million) of the reversals is reported as functional costs.

Other Disclosures

34. Contingent Liabilities and Other Financial Obligations

Minimum lease payments become due as follows:

| in € '000 | Finance leases | | Operating leases | |
|---|----------------|----------------|------------------|----------------|
| | Sept. 30, 2011 | Sept. 30, 2010 | Sept. 30, 2011 | Sept. 30, 2010 |
| Due within 1 year | 417 | 365 | 30,193 | 26,528 |
| Due within 1 to 5 years | 542 | 544 | 39,889 | 28,627 |
| Due after 5 years | - | - | 5,657 | 4,112 |
| Principal amount of minimum lease payments | 959 | 909 | 75,739 | 59,267 |
| Interest | -23 | -36 | | |
| Present value of minimum lease payments | 936 | 873 | | |

Rental and lease expenses of €31.8 million were recorded in fiscal year 2011 (previous year: €34.7 million). Lease payments received under non-cancelable sublease agreements amounted to €20.0 million as of the reporting date, and proceeds from future minimum lease payments amounted to €7.2 million.

Finance lease and operating lease commitments arise predominantly from lease programs under which CLAAS agricultural machines have been leased from CLAAS Financial Services S.A.S. and then provided to customers.

No provisions were recognized for the contingent liabilities from bills of exchange and guarantees, which are stated at their nominal amount of €15.5 million (previous year: €18.3 million) since the likelihood of risk is considered low.

As of September 30, 2011, other financial commitments came in at €5.8 million (previous year: €83.5 million). The decline was mainly a result of purchase obligations for raw materials and consumables.

35. Litigation and Damage Claims

As a result of their general business operations, CLAAS Group companies are involved in a variety of legal proceedings and official governmental proceedings, or are exposed to third-party claims, or there may be a possibility of such proceedings being instituted or asserted in the future (for instance with respect to patents, product liability, or goods supplied, or services rendered). Although the outcome of individual proceedings cannot be predicted with certainty given the unforeseeable nature of events associated with legal disputes, the current assessment is that no significant adverse impact on CLAAS Group's results of operations will occur beyond the risks reflected in liabilities and provisions in the financial statements.

36. Additional Disclosures on Financial Instruments

Carrying Amounts and Fair Values by Categories and Classes

| in € '000 | Note | Sept. 30, 2011 | | Sept. 30, 2010 | |
|--|------|------------------|------------------|------------------|------------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets at fair value through profit or loss | | | | | |
| Cash equivalents held for trading | (26) | 190,234 | 190,234 | 110,675 | 110,675 |
| Derivatives without hedging relationship | (23) | 2,170 | 2,170 | 10,224 | 10,224 |
| Loans and receivables | | | | | |
| Trade receivables | (22) | 264,859 | 264,859 | 244,009 | 244,009 |
| Other borrowings | (23) | 1,335 | 1,335 | 1,273 | 1,273 |
| Receivables from investments | (23) | 8,980 | 8,980 | 9,366 | 9,366 |
| Loan receivables | (23) | 1,921 | 1,921 | 2,567 | 2,567 |
| Interest receivables | (23) | 1,629 | 1,629 | 1,414 | 1,414 |
| Miscellaneous financial assets | (23) | 53,852 | 53,852 | 49,780 | 49,780 |
| Cash | (26) | 345,550 | 345,550 | 468,947 | 468,947 |
| Available-for-sale financial assets | | | | | |
| Available-for-sale securities | (25) | 282,995 | 282,995 | 328,032 | 328,032 |
| Other investments | | 3,141 | 3,141 | 2,168 | 2,168 |
| Derivatives with a hedging relationship | (23) | 4,330 | 4,330 | 7,551 | 7,551 |
| Financial assets | | 1,160,996 | 1,160,996 | 1,236,006 | 1,236,006 |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivatives without hedging relationship | (30) | 12,116 | 12,116 | 1,732 | 1,732 |
| Financial liabilities measured at amortized cost | | | | | |
| Financial liabilities (excluding lease payables) | (28) | 374,946 | 391,917 | 511,548 | 536,073 |
| Silent partnership | (29) | 28,409 | 28,409 | 27,060 | 27,060 |
| Trade payables | | 170,845 | 170,845 | 131,752 | 131,752 |
| Liabilities from bills of exchange accepted and drawn | (30) | 3,799 | 3,799 | 3,724 | 3,724 |
| Liabilities to investments | (30) | 21,200 | 21,200 | 11,168 | 11,168 |
| Accrued interest | (30) | 10,345 | 10,345 | 12,268 | 12,268 |
| Miscellaneous financial liabilities | (30) | 17,748 | 17,748 | 20,088 | 20,088 |
| Lease payables | (28) | 936 | 936 | 873 | 873 |
| Derivatives with a hedging relationship | (30) | 51,011 | 51,011 | 60,416 | 60,416 |
| Financial liabilities | | 691,355 | 708,326 | 780,629 | 805,154 |

The fair values of trade receivables, other borrowings, receivables from investments, loan receivables, interest receivables, miscellaneous financial assets, cash, trade payables, liabilities from bills of exchange accepted and drawn, liabilities to investments, accrued interest, and miscellaneous financial liabilities correspond more or less to their carrying amounts. The main reason for this is the short time to maturity of these instruments.

The financial instruments designated as financial assets or financial liabilities at fair value through profit or loss, and available-for-sale financial assets are measured and recognized at fair value. Other investments designated as available-for-sale financial assets are not measured at fair value as their cash flows cannot be reliably determined, and the fair value cannot be derived on the basis of comparable transactions. These investments are not material in view of CLAAS Group's overall holdings. Other investments comprise shares in corporations not listed on a stock exchange and upon which CLAAS KGaA mbH does not have significant influence. It is not planned to sell these investments in the near future. With regard to the silent partnership, the fair value cannot be reliably determined, for which reason the carrying amount is reported in this case.

Fair Value Hierarchy by Classes

The fair values of financial assets and financial liabilities measured at fair value may be determined based on the following basic data in accordance with the fair value hierarchy, with the individual measurement levels defined as follows in IFRS 7:

- Level 1 Measurement based on quoted prices in active markets for identical financial instruments
- Level 2 Measurement based on inputs other than quoted prices included within Level 1 that are observable either directly or indirectly
- Level 3 Measurement based on models using inputs that are not based on observable market data

The following table shows the carrying amounts of the financial assets and liabilities measured at fair value by measurement level. There were no transfers between the individual categories.

| in € '000 | Sept. 30, 2011 | | | Sept. 30, 2010 | | |
|--|----------------|---------------|----------|----------------|---------------|----------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Cash equivalents held for trading | 190,234 | - | - | 110,675 | - | - |
| Derivatives without hedging relationship | - | 2,170 | - | - | 10,224 | - |
| Available-for-sale securities | 282,995 | - | - | 328,031 | - | - |
| Derivatives with a hedging relationship | - | 4,330 | - | - | 7,551 | - |
| Financial assets at fair value | 473,229 | 6,500 | - | 438,706 | 17,775 | - |
| Derivatives without hedging relationship | - | 12,116 | - | - | 1,732 | - |
| Derivatives with a hedging relationship | - | 51,011 | - | - | 60,416 | - |
| Financial liabilities at fair value | - | 63,127 | - | - | 62,148 | - |

Net Gains and Losses by Categories

The net gains and losses of the financial instruments recognized in the income statement are shown in the following table, broken down into the IAS 39 categories:

| in € '000 | 2011 | 2010 |
|--|-----------------|--------------|
| Financial assets or financial liabilities at fair value through profit or loss | - 19,742 | 2,937 |
| Loans and receivables | 5,206 | - 7,248 |
| Available-for-sale financial assets | - 692 | - 352 |
| Financial liabilities measured at amortized cost | - 1,036 | 6,298 |
| Net gains and losses on financial instruments | - 16,264 | 1,635 |

The net gains and losses on financial assets or financial liabilities at fair value through profit or loss arise solely from derivatives without hedging relations and include foreign exchange gains and losses, gains or losses arising from a change in fair value, and gains or losses from the disposal of the asset.

For loans and receivables, the net gains and losses include foreign exchange gains and losses, impairment, write-ups, gains or losses from sale of the loan or receivable, and gains or losses from the reversal of previously recognized impairment losses on debt instruments.

The net gains and losses of available-for-sale financial assets contain foreign exchange gains and losses, gains or losses from the disposal of the asset, impairment recognized in profit or loss, and any write-ups. The net gains and losses from available-for-sale financial assets recognized directly in equity are reported in Note 25.

The net gains and losses of financial liabilities measured at amortized cost arise from foreign exchange gains and losses or from derecognition of the liability.

37. Financial Risk Management

Principles of Risk Management

As a result of its business activities, the CLAAS Group is exposed to market price risk, particularly exchange rate and interest rate risk. On the procurement side, the CLAAS Group is exposed to commodity risk and risk related to its ability to ensure supplies. Moreover, credit risk arises on trade receivables, though also from receivables relating to finance transactions such as investment of cash and cash equivalents or acquisition of securities. Liquidity risk can result from a significant decline in operating business performance or as a result of the risk categories mentioned above.

All market price risks are identified for the entire CLAAS Group and measured, monitored, and managed centrally by Group Treasury. Systematic, central currency and interest rate management is undertaken in order to limit and control exchange rate and interest rate risk. In addition to operating measures to limit risk, all of the usual financial instruments, including derivatives, are used to manage risk. All transactions are concluded exclusively on the basis of existing underlying transactions or specifically planned transactions and are renewed on a rolling basis as required. All business partners are either German or international banks of top credit quality.

Credit risk is identified, monitored, and managed for the entire CLAAS Group by the relevant decentral units, supplemented by Group credit management. The local units focus their activities on operational monitoring and management of the respective risks in consideration of the locally adapted parameters specified by Group credit management. Group credit management establishes general guidelines, which form the basis for monitoring and managing the locally supervised transactions.

Since the management and the supervisory bodies of CLAAS attach great importance to systematic risk management, a comprehensive monitoring system that meets all legal requirements has been implemented. In this context, the efficiency of the hedging instruments used and the reliability of the internal control systems are regularly checked by means of internal and external reviews.

CLAAS pursues strict risk management. Derivative financial instruments are used exclusively for risk management purposes, i.e. to limit and govern risk related to business operations. The execution, control, and recording of transactions are strictly segregated in terms of physical and organizational function. Levels of discretion in trading in terms of both amount and content are defined in internal guidelines. In the finance area, risk positions are continuously evaluated and analyzed by means of suitable systems. The analysis includes simulations and scenario calculations. The competent executive bodies are informed regularly of risk exposure. Certain finance management transactions must be approved by the Group Executive Board and/or the Shareholders' Committee.

Credit Risk

CLAAS is exposed to credit risk resulting from its business operations and finance activities. This risk entails the danger of unexpected economic loss in the event that a counterparty does not fulfill its payment obligations. Credit risk comprises both the direct risk of default as well as the risk of a downgrade in credit rating in combination with the threat of a concentration of individual risks. The maximum risk arising from a financial asset corresponds to the carrying amount of the asset.

Effective monitoring and management of credit risk is a basic component of the risk management system at CLAAS. Group credit management already defined principles for managing credit risk across the Group several years ago. CLAAS internally reviews and rates the credit quality of all customers with credit needs exceeding certain limits. In addition to the contract documents submitted by the customer, the data for review and classification of credit quality is based on information from external credit rating agencies, previous default experience on the part of CLAAS, and experience resulting from the longstanding business partnership with the customer. CLAAS uses internal guidelines to manage credit risk arising from trade receivables. The risk of default is taken account of through allowance accounts used to record individual or portfolio-based impairments. The portfolio is analyzed on an ongoing basis in order to ensure that any concentration of risk is identified and assessed promptly. No single client exceeded the level of 4.8% (previous year: 2.5%) of the CLAAS Group's total trade receivables.

There were no indications either during the course of the fiscal year or as of the balance sheet date that the obligors of trade receivables that are neither impaired nor past due would not meet their payment obligations. According to an internal review of credit quality, 97.7% (previous year: 89.1%) of trade receivables are classified as low risk.

The collateral held for the purpose of minimizing potential credit risk consists primarily of credit insurance, guarantees from customers or banks, and, in some cases, retentions of title. For the most part, CLAAS has set aside collateral for trade receivables past due or impaired. This consists mainly of credit insurance, guarantees, and renewed retentions of title. In fiscal 2011, collateral was only called on to an insignificant extent.

The CLAAS Group is subject to credit risk in connection with investments in cash and cash equivalents and securities based on the risk of the obligor or issuer not meeting its payment obligations. In order to minimize this risk, issuers and obligors are carefully selected. The majority of cash and cash equivalents consists of exposures with at least an A-rating (pursuant to the Standard & Poor's categories). Investments are widely diversified to further limit the risk of default. Default risk is continuously monitored using a market- and rating-based limit system. Each year, the competent executive bodies of the CLAAS Group approve the basic investment strategy and the limit system.

Derivative contracts are concluded for risk management purposes. The derivatives are either measured individually at fair value or included in hedge accounting. The maximum credit risk arising from derivative financial instruments corresponds to the positive fair value of the instrument. Nearly all counterparties are internationally operating banks. The credit quality of the counterparties is continuously reviewed on the basis of the Standard & Poor's, Moody's, or Fitch credit ratings and the market prices for credit default insurance. Moreover, the risk of default is limited by engaging in a strategy of broad diversification.

Liquidity Risk

The CLAAS Group employs a number of measures to effectively meet liquidity risk. In so doing, liquidity management places top priority on the absolute necessity of ensuring solvency at all times. Liquidity management also aims for a comfortable and cost-efficient liquidity position that will allow the Group to react adequately to opportunities in a dynamic market environment. To meet these goals, value is placed on maintaining sufficient financing commitments (see Note 28) and cash and cash equivalents (see Note 26) as well as on the ABS programs (see Note 22) and international cash management. Future liquidity requirements are projected on a regular basis as part of the financial planning process. This process consists of a rolling three-month forecast, an annual forecast, and a five-year forecast. In addition, the situation with regard to financing conditions for CLAAS on the financial markets is monitored on an ongoing basis to enable any refinancing risk to be countered promptly and proactively.

The following table gives an overview of undiscounted contractually agreed payment obligations from liabilities due in the coming fiscal years:

| in € '000/Sept. 30, 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | from 2017 | Total |
|---|----------------|---------------|---------------|----------------|--------------|---------------|----------------|
| Financial liabilities | 198,053 | 41,937 | 35,870 | 87,555 | 3,082 | 61,634 | 428,131 |
| Silent partnership | 2,672 | 2,225 | 2,577 | 7,668 | 2,678 | 10,589 | 28,409 |
| Trade payables | 170,845 | - | - | - | - | - | 170,845 |
| Liabilities from bills of exchange accepted and drawn | 3,799 | - | - | - | - | - | 3,799 |
| Liabilities to investments | 21,200 | - | - | - | - | - | 21,200 |
| Derivatives without hedging relationship | 11,367 | - | - | 749 | - | - | 12,116 |
| Derivatives with a hedging relationship | 20,877 | 11,825 | 11,086 | 10,527 | - | - | 54,315 |
| Accrued interest | 10,345 | - | - | - | - | - | 10,345 |
| Miscellaneous financial liabilities | 17,127 | 621 | - | - | - | - | 17,748 |
| Payments due | 456,285 | 56,608 | 49,533 | 106,499 | 5,760 | 72,223 | 746,908 |

| in € '000/Sept. 30, 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | from 2016 | Total |
|---|----------------|----------------|---------------|---------------|----------------|---------------|----------------|
| Financial liabilities | 120,955 | 204,734 | 42,944 | 37,573 | 132,370 | 52,021 | 590,597 |
| Silent partnership | 2,526 | 1,405 | 2,274 | 2,638 | 7,794 | 10,423 | 27,060 |
| Trade payables | 131,752 | - | - | - | - | - | 131,752 |
| Liabilities from bills of exchange accepted and drawn | 3,724 | - | - | - | - | - | 3,724 |
| Liabilities to investments | 11,168 | - | - | - | - | - | 11,168 |
| Derivatives without hedging relationship | 845 | - | - | - | 887 | - | 1,732 |
| Derivatives with a hedging relationship | 16,584 | 15,382 | 13,650 | 13,021 | 12,404 | - | 71,041 |
| Accrued interest | 12,268 | - | - | - | - | - | 12,268 |
| Miscellaneous financial liabilities | 19,193 | 895 | - | - | - | - | 20,088 |
| Payments due | 319,015 | 222,416 | 58,868 | 53,232 | 153,455 | 62,444 | 869,430 |

Liabilities from financial guarantees of €0.1 million were recognized as of September 30, 2011 (previous year: €0.2 million). With respect to their maturity dates, each of the respective aggregate amounts was allocated to the first subsequent year. The maximum risk in the event of utilization is €4.1 million (previous year: €5.8 million). The fair value was calculated as of the date of addition using the "expected value" method, taking into account credit risk reductions (liquidation proceeds) and risks that could arise on the basis of default probabilities ranging from 3% to 15% (previous year: 3% to 15%).

Currency Risk

Due to the international scope of its business activities, the CLAAS Group is subject to currency risk. Currency risk is incurred primarily in the course of carrying out operating business activities as well as in connection with finance transactions and capital expenditure. Exchange rate fluctuations may therefore lead to undesired and unforeseeable volatility in earnings or cash flows. To effectively counter the effect of exchange rate fluctuations, CLAAS pursues central currency management under the purview of the Group treasury department. Operational transaction risk traditionally arises when the currency in which sales are realized differs from the currency in which the costs are incurred. At CLAAS, currency risk arises mainly with respect to US dollars, Hungarian forints, British pounds, and Polish zlotys against the euro as the Group's presentation currency.

To calculate the total risk exposure, the estimated operating inflows and outflows are recorded centrally for each currency on a fiscal-year basis. A basic hedging strategy is developed for the resulting net exposures in consideration of risk-bearing capacity and the market situation. The hedging strategy is intended to protect the CLAAS Group from negative market developments, while enabling the Group to participate in positive developments. The hedge horizon is typically between one and two years. The hedging strategy is approved by the competent executive body of the CLAAS Group and implemented by the Group treasury department through the conclusion of financial derivative contracts. The hedging strategy implemented is monitored continuously by the Group treasury department and adapted as needed. Group management and the competent executive body receive regular reports informing them of the current status of the currency risk position.

Financing-related and investment-related currency risks are – insofar as possible and appropriate – integrated into the forecasts of operating exposure. Alternatively, these risks may be hedged individually on a case-by-case basis.

The following scenario analysis indicates the value of financial instruments denominated in foreign currencies in the event of a 10% increase or 10% decrease in the value of the hedging portfolio in comparison with the actual exchange rates on the balance sheet date. The figures are presented separately depending on whether the items are recognized in equity (via hedge accounting) or at fair value through profit or loss. Foreign currency loans or corresponding hedges are not included. As a rule, significant intragroup and non-group foreign currency loans are fully hedged using currency hedging transactions; as a result there is generally no currency risk from these items. The future underlying items that the derivative portfolio is intended to hedge are not included in the presentation pursuant to IFRS 7. Any conclusions made on the basis of the information presented here therefore relate exclusively to derivative financial instruments. The values stated are not meaningful for determining the overall future effect of exchange rate fluctuations on the cash flows or earnings of the CLAAS Group. In addition to the analysis made here of the fair value risk inherent in currency derivatives, internal risk management and the information provided regularly to the competent executive bodies are based above all on meaningful scenario analyses of the total risk position, which take account of both the underlying items and the hedge portfolio.

| in € '000 | Sept. 30, 2011 | | Sept. 30, 2010 | |
|--|----------------|----------------|----------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| Actual fair value | -3,060 | -4,447 | 5,725 | 5,493 |
| Fair value in the event of an exchange rate increase of 10% | 14,381 | 1,974 | 19,007 | 14,212 |
| US dollar | 4,440 | 1,101 | 9,904 | 5,967 |
| British pound | 5,330 | 2,514 | 8,347 | 7,865 |
| Polish zloty | 6,258 | 3,378 | 1,531 | 1,012 |
| Hungarian forint | -1,647 | -4,671 | -775 | -731 |
| Other | - | -348 | - | 100 |
| Fair value in the event of an exchange rate decrease of 10% | -19,753 | -18,743 | -5,192 | -6,430 |
| US dollar | -11,704 | -7,946 | -2,884 | -963 |
| British pound | -8,779 | -9,620 | -2,332 | -4,328 |
| Polish zloty | 687 | -677 | -2,096 | -2,257 |
| Hungarian forint | 43 | -159 | 2,120 | 1,082 |
| Other | - | -341 | - | 36 |

In addition to transaction-based currency risk, currency translation risk arises from assets and liabilities of subsidiaries outside of the euro region. Balance sheet items are translated from the local currency of the subsidiaries into euros, the CLAAS Group's functional currency, as part of the consolidation process. Exchange rate fluctuations may lead to changes in value that are recognized in CLAAS Group equity. Although these long-lasting effects are calculated and analyzed on an ongoing basis, they are generally not hedged as the underlying items are of a permanent nature.

Interest rate risk

CLAAS is generally exposed to interest rate risk on assets and liabilities. Such risk may arise on financial instruments such as bonds or liabilities to banks or due to the effects of interest rate changes on operating and strategic liquidity. Transactions relating to initial capital procurement and capital investment as well as the subsequent management of the positions in line with targets such as maturity date and the length of time for which interest rates are fixed are undertaken centrally for the entire CLAAS Group by the treasury department, in coordination with the competent executive bodies. Interest rate derivatives are also used to manage risk. These positions are recognized at their fair values and continuously monitored on a fair value basis. The resulting risk is measured by means of value-at-risk analyses, among other things.

Value at risk is measured using Monte Carlo simulation, assuming a confidence level of 99.0% and a holding period of 10 days. The resulting figure represents the loss in market value of the portfolio of all interest-sensitive instruments, with a probability of only 1.0% that the figure obtained will be exceeded after 10 days. Currency derivatives are not included, as any interest-related changes they may be exposed to are insignificant. As of the balance sheet date, the value at risk of all interest-sensitive financial instruments amounted to €3.6 million (previous year: €1.1 million).

Commodity price risk

CLAAS is subject to the risk of changes in commodity prices arising from the procurement of input materials. To a minor extent, derivative financial instruments are used to hedge the risk of changes in the price of industrial metals. The resulting risk is thus insignificant, for which reason the risk ratios have not been presented here.

38. Derivative Financial Instruments and Hedge Accounting

CLAAS uses financial derivatives for risk management purposes (see Note 37). Currency hedging transactions serve to hedge receivables and payables denominated in foreign currencies and planned future transactions. Where possible, items are netted out. Interest rate derivatives serve to hedge the interest rate risk inherent in asset and liability positions. In addition, derivatives are also used to a limited extent to hedge the risk of increasing commodity prices. The commodity derivatives used serve primarily to hedge against price fluctuations in industrial metals.

For the purposes of hedge accounting, some of the forward exchange contracts, foreign currency options, and other currency hedging instruments are classified as cash flow hedges. These are used to hedge against variable future cash flows from long-term liabilities with terms extending until 2014 as well as future operating cash flows denominated in foreign currency with terms of generally 12 months, and in no case more than 18 months. The hedges of future operating cash flows denominated in foreign currency mainly impact profit or loss in the following fiscal year. Changes in the fair value of the derivatives are recorded in equity. As of the balance sheet date, €-4.8 million was recorded in equity (previous year: €-1.5 million). Reclassification to the income statement was undertaken in the amount in which the underlying transaction was realized in the period under review. The reclassification was made to foreign exchange gains and losses. In fiscal 2011, €0.3 million (previous year: €3.8 million) was transferred to "other financial result" based on currency hedging transactions. In the year under review, hedge ineffectiveness of €-1.3 million on cash flow hedges with options (time value portion) was recognized in profit or loss (previous year: €0.2 million).

CLAAS has taken out interest rate swaps that are designated as fair value hedges. The hedges qualify for hedge accounting, in which the offsetting effects on profit or loss of changes in the fair values of the interest rate derivatives and the hedged item are recognized. In the fiscal year under review, the net interest expense only included an insignificant amount in gains or losses arising from changes in the fair value of the hedging instrument (previous year: €0.8 million) and gains or losses arising from remeasurement of the hedged items (previous year: €-0.8 million).

The following table includes both derivatives for which hedge accounting was applied and those for which the application of hedge accounting was waived in accordance with IAS 39. The derivative financial instruments are recognized at the following fair values (fair values and carrying amounts are thus equivalent):

| in € '000 | Sept. 30, 2011 | | Sept. 30, 2010 | |
|---|----------------------|---------------------------|----------------------|---------------------------|
| | Fair value of assets | Fair value of liabilities | Fair value of assets | Fair value of liabilities |
| Forward exchange transactions | 2,697 | 7,303 | 3,468 | 814 |
| Foreign currency options | 1,546 | - | 3,066 | - |
| Other currency hedging instruments | - | 43,681 | - | 56,879 |
| Interest rate swaps | 87 | 27 | 1,017 | 2,723 |
| Derivatives with a hedging relationship | 4,330 | 51,011 | 7,551 | 60,416 |
| Derivatives without hedging relationship | 2,170 | 12,116 | 10,224 | 1,732 |
| Total | 6,500 | 63,127 | 17,775 | 62,148 |

39. Additional Disclosures on the Consolidated Statement of Cash Flows

The consolidated statement of cash flows comprises cash flows from operating as well as investing and financing activities. Effects of changes in the scope of consolidation have been eliminated; their impact on cash and cash equivalents is shown separately, as is the influence of exchange rate fluctuations on cash and cash equivalents.

Cash flow from operating activities includes dividends received of €0.8 million (previous year: €0.9 million); non-cash profit contributions from the application of the equity method were eliminated. Non-cash additions to non-current assets were made in the amount of €0.1 million (previous year: €0.2 million). Interest paid was €36.7 million (previous year: €36.3 million), and interest received stood at €8.9 million (previous year: €8.4 million). Income tax payments were €59.6 million (previous year: €32.4 million). These transactions are reported under cash flow from operating activities.

40. Personnel Expenses and Employees

| | 2011 | 2010 |
|------------------------------------|--------------|--------------|
| Wage earners | 4,154 | 4,278 |
| Salary earners | 4,301 | 4,294 |
| Trainees | 513 | 557 |
| Average number of employees | 8,968 | 9,129 |

The personnel expenses reported in the income statement under functional costs amounted to €540.4 million (previous year: €489.0 million).

41. Entity-wide Disclosures

The CLAAS Group is managed as a single business unit operating in the agricultural equipment sector. Representatives of individual business divisions may not act independently, i.e. resources are allocated by the Group Executive Board primarily in view of the Company as an agricultural equipment company. The Group Executive Board has overall responsibility for the Group with regard to its decisions and actions. The primary management parameters provided for this purpose by the internal reporting system are net sales, income before taxes, and human resources capacity. Other divisions, such as Industrial Engineering and Production Technology, do not exceed the quantitative thresholds of IFRS 8, either individually or in aggregate. In essence, the CLAAS Group is a company with only one reportable segment.

The allocation of sales revenues to geographical regions is made on the basis of the country of destination of the product sold or the service provided. Non-current assets were allocated to the regions corresponding to the country of domicile of the relevant company. At present, no individual customers account for a significant portion of sales revenues.

The following table shows sales by division:

| in € '000 | 2011 | 2010 |
|------------------------|------------------|------------------|
| Agricultural Equipment | 3,073,018 | 2,335,127 |
| Production Technology | 194,688 | 114,753 |
| Industrial Engineering | 36,508 | 25,583 |
| CLAAS Group | 3,304,214 | 2,475,463 |

Sales and non-current assets by region can be broken down as follows:

| in € '000 | External sales | | Non-current assets* | |
|----------------------------|------------------|------------------|---------------------|----------------|
| | 2011 | 2010 | Sept. 30, 2011 | Sept. 30, 2010 |
| Germany | 874,193 | 665,999 | 719,337 | 688,195 |
| France | 660,567 | 534,480 | 369,172 | 340,001 |
| Rest of Western Europe | 656,236 | 553,943 | 51,221 | 49,620 |
| Central and Eastern Europe | 557,994 | 328,775 | 25,826 | 26,423 |
| Other countries | 555,224 | 392,266 | 79,787 | 77,603 |
| Eliminations | - | - | -721,250 | -668,412 |
| CLAAS Group | 3,304,214 | 2,475,463 | 524,093 | 513,430 |

* in accordance with the definition set out in IFRS 8

42. Related Party Disclosures

Related parties within the meaning of IAS 24 generally are: the members of the Supervisory Board and the Shareholders' Committee, the members of the Claas families, the members of the Group Executive Board and the associated companies of the CLAAS Group, and companies controlled or significantly influenced by related parties.

The significant relationships of the members of the Supervisory Board and the Shareholders' Committee as well as of the members of the Claas families with the CLAAS Group are as follows:

| in € '000 | Members of the Supervisory Board/ Shareholders' Committee | | Members of the Claas families – if not members of the Supervisory Board/ Shareholders' Committee | |
|--|--|--------|--|--------|
| | 2011 | 2010 | 2011 | 2010 |
| Supervisory Board and Shareholders' Committee remuneration | 397 | 416 | - | - |
| Services | 191 | 272 | - | - |
| Credits granted to CLAAS | 69,165 | 51,414 | 28,024 | 23,532 |

Deliveries to related parties came in at €268.6 million (previous year: €161.0 million). Deliveries received from related parties were €238.5 million (previous year: €161.7 million). In addition, the CLAAS Group received services from related companies in the amount of €22.7 million (previous year: €20.3 million) and rendered services totaling €5.1 million (previous year: €4.1 million). All transactions with related parties were conducted on an arm's length basis.

Some of the members of the Group Executive Board also held positions of significant responsibility with other entities and organizations in the past year. However, this did not result in any reportable transactions.

The following remuneration was paid to members of the Group Executive Board:

| in € '000 | 2011 | 2010 |
|------------------------------------|-------|-------|
| Current remuneration | 5,462 | 3,271 |
| Provisions for retirement benefits | 265 | 213 |

Retirement benefits were paid to former members of the Executive Board of CLAAS KGaA mbH/the Group Executive Board in the amount of €0.5 million (previous year: €0.5 million). Obligations for current pensions and vested rights of former members of the Executive Board of the CLAAS KGaA mbH/the Group Executive Board totaled €6.6 million (previous year: €6.5 million).

43. Auditor's Fees

The following fees were recognized as an expense for the services provided by the auditor of the consolidated financial statements, Deloitte & Touche GmbH, Düsseldorf:

| in € '000 | 2011 | 2010 |
|-------------------------|--------------|------------|
| Audit services | 634 | 600 |
| Other audit services | 52 | 65 |
| Tax consulting services | 105 | 162 |
| Other services | 377 | - |
| Auditor's fees | 1,168 | 827 |

Fees for audit services include all fees for auditing the financial statements of CLAAS KGaA mbH and the consolidated financial statements as well as the financial statements of the domestic subsidiaries. The fees for other services mainly relate to project-based consulting services.

44. Application of Section 264 (3) and Section 264b of the German Commercial Code

The following domestic subsidiaries made partial use of the exemption option pursuant to Section 264 (3) and Section 264b of the German Commercial Code:

- BA Jaderberg GmbH, Jaderberg
- CLAAS Agrosystems GmbH & Co KG, Gütersloh
- CLAAS Anlagemanagement GmbH, Harsewinkel
- CLAAS Global Sales GmbH, Harsewinkel
- CLAAS Industrietechnik GmbH, Paderborn
- CLAAS Saulgau GmbH, Bad Saulgau
- CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel
- CLAAS Service and Parts GmbH, Harsewinkel
- CLAAS Vertriebsgesellschaft mbH, Harsewinkel

45. Events After the Balance Sheet Date

There were no events or developments after the end of the fiscal year that could have led to material changes in the presentation or the measurement of individual assets or liabilities as of September 30, 2011 or that are subject to disclosure requirements.

46. List of Shareholdings

| No. | Company | Subscribed capital | Shareholding | | |
|---|--|--------------------|--------------|------------------|----|
| | | | in % | owned by company | |
| I. Affiliated companies included in the scope of consolidation | | | | | |
| Domestic companies | | | | | |
| 1 | CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel | EUR | 78,000,000 | | |
| 2 | CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel | EUR | 25,600,000 | 100.0 | 1 |
| 3 | CLAAS Beteiligungsgesellschaft mbH i.L., Harsewinkel | EUR | 52,000 | 100.0 | 40 |
| 4 | CLAAS Saulgau GmbH, Bad Saulgau | EUR | 7,700,000 | 100.0 | 1 |
| 5 | CLAAS Fertigungstechnik GmbH, Beelen | EUR | 5,300,000 | 100.0 | 1 |
| 6 | BRÖTJE-Automation GmbH, Wiefelstede | EUR | 1,031,000 | 100.0 | 1 |
| 7 | BA Jaderberg GmbH, Jaderberg | EUR | 25,000 | 100.0 | 6 |
| 8 | CLAAS Industrietechnik GmbH, Paderborn | EUR | 7,700,000 | 100.0 | 1 |
| 9 | CLAAS Vertriebsgesellschaft mbH, Harsewinkel | EUR | 3,100,000 | 100.0 | 1 |
| 10 | Brandenburger Landtechnik GmbH, Liebenthal | EUR | 1,000,000 | 50.6 | 9 |
| 11 | Mecklenburger Landtechnik GmbH, Mühlengeez | EUR | 1,000,000 | 100.0 | 9 |
| 12 | CLAAS Bordesholm GmbH, Bordesholm | EUR | 1,000,000 | 59.0 | 9 |
| 13 | CLAAS Agrosystems GmbH & Co KG, Gütersloh | EUR | 117,600 | 100.0 | 1 |
| 14 | CLAAS Agrosystems Verwaltungs GmbH, Gütersloh | EUR | 32,150 | 100.0 | 1 |
| 15 | CLAAS Osteuropa Investitions GmbH, Harsewinkel | EUR | 100,000 | 100.0 | 1 |
| 16 | CLAAS Central Asia Investment GmbH, Harsewinkel | EUR | 25,000 | 100.0 | 1 |
| 17 | CLAAS Global Sales GmbH, Harsewinkel | EUR | 2,000,000 | 100.0 | 1 |
| 18 | CLAAS Service and Parts GmbH, Harsewinkel | EUR | 2,000,000 | 100.0 | 1 |
| 19 | CLAAS Anlagemanagement GmbH, Harsewinkel | EUR | 25,000 | 100.0 | 1 |
| Foreign companies | | | | | |
| 20 | CLAAS France Holding S.A.S., Paris, France | EUR | 116,009,001 | 100.0 | 1 |
| 21 | Usines CLAAS France S.A.S., Metz-Woippy, France | EUR | 31,500,000 | 100.0 | 20 |
| 22 | CLAAS France S.A.S., Paris, France | EUR | 8,842,043 | 100.0 | 20 |
| 23 | CLAAS Tractor S.A.S., Vélizy, France | EUR | 56,850,829 | 100.0 | 20 |
| 24 | CLAAS Réseau Agricole S.A.S., Vélizy, France | EUR | 27,400,000 | 100.0 | 23 |
| 25 | RENAULT Agriculture & Sonalika International Plc., Port Louis, Mauritius | USD | 900,000 | 60.0 | 23 |
| 26 | CLAAS Holdings Ltd., Saxham, United Kingdom | GBP | 1,000 | 100.0 | 1 |
| 27 | CLAAS U.K. Ltd., Saxham, United Kingdom | GBP | 101,100 | 100.0 | 26 |
| 28 | Southern Harvesters Ltd., Saxham, United Kingdom | GBP | 150,000 | 100.0 | 27 |
| 29 | Anglia Harvesters Ltd., Saxham, United Kingdom | GBP | 400,000 | 100.0 | 27 |
| 30 | Western Harvesters Ltd., Saxham, United Kingdom | GBP | 16,000 | 75.0 | 27 |
| 31 | Eastern Harvesters Ltd., Saxham, United Kingdom | GBP | 440,000 | 75.0 | 27 |
| 32 | Scottish Harvesters Ltd., Saxham, United Kingdom | GBP | 400,000 | 100.0 | 27 |
| 33 | CLAAS Retail Properties Ltd., Shipston on Stour, United Kingdom | GBP | 3,812,030 | 100.0 | 27 |
| 34 | CLAAS Italia S.p.A., Vercelli, Italy | EUR | 2,600,000 | 100.0 | 1 |
| 35 | CLAAS Ibérica S.A., Madrid, Spain | EUR | 3,307,500 | 100.0 | 1 |
| 36 | CLAAS Hungaria Kft., Törökszentmiklos, Hungary | HUF | 552,740,000 | 100.0 | 1 |
| 37 | OOO CLAAS Vostok, Moscow, Russia | RUB | 170,000 | 100.0 | 1 |
| 38 | CLAAS Ukraina DP, Kiev, Ukraine | UAH | 30,000 | 100.0 | 18 |
| 39 | CLAAS Argentina S.A., Sunchoales, Argentina | ARS | 35,310,909 | 100.0 | 1 |

| No. | Company | Subscribed capital | Shareholding | | |
|-----|---|--------------------|--------------|------------------|------|
| | | | in % | owned by company | |
| 40 | CLAAS North America Holdings Inc., Omaha, Nebraska, USA | USD | 700 | 100.0 | 1 |
| 41 | CLAAS of America Inc., Omaha, Nebraska, USA | USD | 100 | 100.0 | 40 |
| 42 | CLAAS Omaha Inc., Omaha, Nebraska, USA | USD | 100 | 100.0 | 40/3 |
| 43 | Nebraska Harvest Center Inc., Wilmington, Delaware, USA | USD | 1 | 100.0 | 40 |
| 44 | Platte River Receivables Inc., Columbus, Indiana, USA | USD | 1 | 100.0 | 40 |
| 45 | CLAAS India Private Ltd., Faridabad, India | INR | 391,460,000 | 100.0 | 1 |
| 46 | OOO CLAAS, Krasnodar, Russia | RUB | 93,368,880 | 99.0 | 15 |
| 47 | BRÖTJE-Automation-USA Inc., Omaha, Nebraska, USA | USD | 1,000 | 100.0 | 6 |
| 48 | CLAAS Polska sp. z o.o., Poznań, Poland | PLN | 5,000,000 | 100.0 | 1 |

Other companies consolidated pursuant to SIC-12

| | |
|----|---|
| 49 | CHW Fonds, Luxembourg, Luxembourg |
| 50 | Mercator Funding Ltd., Saint Helier, Jersey |

II. Investments accounted for using the equity method

| | | | | | |
|----|---|-----|---------------|------|-------|
| 51 | CLAAS GUSS GmbH, Bielefeld, Germany | EUR | 4,680,000 | 44.4 | 1/4 |
| 52 | Worch Landtechnik GmbH, Schora, Germany | EUR | 55,000 | 39.0 | 9 |
| 53 | Technik Center Grimma GmbH, Mutzschen, Germany | EUR | 350,000 | 30.0 | 9 |
| 54 | CLAAS Grasdorf GmbH, Grasdorf, Germany | EUR | 500,000 | 25.1 | 9 |
| 55 | CLAAS Financial Services S.A.S., Paris, France | EUR | 44,624,768 | 39.9 | 1 |
| 56 | CLAAS Finance Ltd., Basingstoke, United Kingdom | GBP | 3,000,000 | 49.0 | 26 |
| 57 | CLAAS Financial Services Ltd., Basingstoke, United Kingdom | GBP | 8,600,000 | 49.0 | 27 |
| 58 | CLAAS Financial Services LLC., San Francisco, California, USA | USD | 0 | 34.0 | 41/55 |
| 59 | G.I.M.A. S.A., Beauvais, France | EUR | 8,448,500 | 50.0 | 23 |
| 60 | Uz CLAAS Agro LLC., Tashkent, Uzbekistan | UZS | 2,125,410,000 | 49.0 | 16 |
| 61 | Galuppi Agricoltura srl, Milan, Italy | EUR | 600,000 | 25.0 | 34 |

III. Other significant shareholdings

| | | | | | |
|----|---|-----|-----------|------|----|
| 62 | CS Parts Logistics GmbH, Bremen, Germany | EUR | 1,550,000 | 50.0 | 18 |
| 63 | Landtechnik Steigra GmbH, Steigra, Germany | EUR | 615,000 | 15.1 | 9 |
| 64 | Landtechnik-Zentrum Chemnitz GmbH, Hartmannsdorf, Germany | EUR | 750,000 | 10.0 | 9 |
| 65 | CLAAS Südostbayern GmbH, Mühldorf, Germany | EUR | 700,000 | 10.0 | 9 |
| 66 | CLAAS Main-Donau GmbH & Co. KG, Vohburg, Germany | EUR | 1,200,000 | 10.0 | 9 |
| 67 | MD-Betriebs-GmbH, Munich, Germany | EUR | 25,000 | 10.0 | 9 |
| 68 | CLAAS Nordostbayern GmbH & Co. KG, Weiden in der Oberpfalz, Germany | EUR | 750,000 | 10.0 | 9 |
| 69 | NOB-Betriebs-GmbH, Munich, Germany | EUR | 25,000 | 10.0 | 9 |
| 70 | CLAAS Württemberg GmbH, Langenau, Germany | EUR | 800,000 | 10.0 | 9 |
| 71 | James Gordons Ltd., Castle Douglas, United Kingdom | GBP | 400,000 | 17.5 | 27 |
| 72 | Sellars Agricultural Ltd., Old Meldrum, United Kingdom | GBP | 237,500 | 20.0 | 27 |
| 73 | S@T-INFO S.A.S., Chalon-sur-Saône, France | EUR | 77,260 | 34.0 | 20 |
| 74 | SAMA S.A.S., Bauge, France | EUR | 934,992 | 20.0 | 24 |
| 75 | DESICO S.A., Buenos Aires, Argentina | ARS | 13,333 | 10.0 | 39 |

Management Statement on the Preparation of the Consolidated Financial Statements

These consolidated financial statements for the fiscal year ended September 30, 2011 and the Group management report were prepared by the Executive Board of CLAAS KGaA mbH on November 24, 2011. The accuracy and completeness of the information contained in the financial statements and the Group management report are the responsibility of the Company's management. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Directive 83/349/EEC. Previous-year figures were determined in accordance with the same principles. The consolidated financial statements are supplemented by the Group management report and additional disclosures in accordance with Section 315a of the German Commercial Code (HGB).

Systems of internal control, uniform Group accounting policies and continuous employee training ensure that the consolidated financial statements and the Group management report are prepared in compliance with generally accepted accounting principles and comply with statutory requirements. Compliance with the guidelines set forth in the risk management manual, which are applicable to the Group as a whole, as well as the reliability and effectiveness of the control systems are examined by our internal auditing unit on an ongoing basis. After careful examination of the current risk position, we have discovered no specific risks that could threaten the continued existence of the CLAAS Group.

Harsewinkel, November 24, 2011

Dr. Theo Freye

Dr. Hermann Garbers

Lothar Kriszun

Hans Lampert

Independent Auditor's Report

We have audited the consolidated financial statements of CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel, consisting of the income statement, the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity, and the notes to the financial statements, as well as the Group management report for the fiscal year from October 1, 2010 to September 30, 2011. The preparation of the consolidated financial statements and the Group management report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) are the responsibility of the Company's management. Our responsibility is to express an opinion, based on our audit, on the consolidated financial statements and the Group management report.

We conducted our audit of the consolidated financial statements pursuant to Section 317 of the German Commercial Code and the generally accepted German standards for the audit of financial statements as promulgated by the "Institut der Wirtschaftsprüfer." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any misstatements or violations that would have a material effect on the presentation of a true and fair view of the financial position and financial performance conveyed by the consolidated financial statements in accordance with generally accepted accounting principles and by the Group management report. Knowledge of the business activities and economic and legal environment of the Group and expectations of possible misstatements are taken into account in determining audit procedures. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and Group management report as well as the effectiveness of the internal control system relating to the accounting system. The audit also includes assessing the financial statements of the companies included in the consolidated financial statements as well as the definition of the group of consolidated companies, the accounting and consolidation principles used, and significant estimates made by the Company's management as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

Based on our audit, it is our opinion that the consolidated financial statements of CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel, comply with IFRS as adopted by the EU and the additional requirements of German commercial law as set forth in Section 315a (1) of the German Commercial Code and provide a true and fair view of the financial position and financial performance of the Group in consideration of the aforementioned provisions. The Group management report is consistent with the consolidated financial statements and, taken as a whole, provides a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, November 24, 2011

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Harnacke)
Wirtschaftsprüfer
(German Public Auditor)

(Bedenbecker)
Wirtschaftsprüfer
(German Public Auditor)

Locations

USA

Columbus/Indiana

- CLAAS of America Inc.

Omaha/Nebraska

- ▲ BRÖTJE-Automation-USA Inc.
- CLAAS of America Inc.
- CLAAS Omaha Inc.

San Francisco/California

- CLAAS Financial Services LLC.

Argentina

Sunchales

- CLAAS Argentina S.A.

- Industrial Engineering
- ▲ Production Technology
- Agricultural Equipment
 - Product Company
 - Sales Company
 - Financing Company

United Kingdom

Basingstoke

- CLAAS Financial Services Ltd.

Saxham

- CLAAS U.K. Ltd.

France

Le Mans

- CLAAS Tractor S.A.S.

Metz-Woippy

- Usines CLAAS France S.A.S.

Paris

- CLAAS Financial Services S.A.S.
- CLAAS France S.A.S.

Vélizy

- CLAAS Réseau Agricole S.A.S.
- CLAAS Tractor S.A.S.

Spain

Madrid

- CLAAS Ibérica S.A.

Italy

Vercelli

- CLAAS Italia S.p.A.



Definitions

$$\text{Return on sales (in \%)} = \frac{\text{Income before taxes}}{\text{Net sales}} \times 100$$

$$\text{EBIT} = \text{Net income} + \text{income taxes} + \text{interest and similar expenses}$$

$$\text{EBITDA} = \text{EBIT} +/\text{- amortization/depreciation/impairment/write-ups of intangible and tangible assets}$$

$$\text{Return on equity (in \%)} = \frac{\text{Net income}}{\text{Equity}} \times 100$$

$$\text{Return on assets (in \%)} = \frac{\text{EBIT}}{\text{Total assets}} \times 100$$

$$\text{Cash earnings} = \text{Net income} + \text{amortization/depreciation/impairment of non-current assets} +/\text{- change in pension provisions and other non-current provisions} +/\text{- change in deferred taxes} +/\text{- other non-cash expenses/income}$$

$$\text{Cash flow-to-sales ratio (in \%)} = \frac{\text{Cash Earnings}}{\text{Net sales}} \times 100$$

$$\text{Free cash flow} = \text{Cash flows from operating activities} - \text{payments for additions to} +/\text{proceeds from the disposal of intangible assets and property, plant and equipment} - \text{payments for additions to} +/\text{proceeds from the disposal of shares of fully consolidated companies and investments} - \text{payments for investments in} +/\text{proceeds from the repayment of borrowings}$$

$$\text{Equity-to-assets ratio (in \%)} = \frac{\text{Equity}}{\text{Total assets}} \times 100$$

Liquid assets = Cash and cash equivalents + current securities

Cash ratio (in %) = $\frac{\text{Liquid assets}}{\text{Current liabilities}} \times 100$

Quick ratio (in %) = $\frac{\text{Liquid assets} + \text{trade receivables} + \text{tax assets} + \text{other financial and non-financial assets} - \text{borrowings} - \text{derivative assets} - \text{prepaid expenses}}{\text{Current liabilities}} \times 100$

Equity and non-current liabilities to non-current assets (in %) = $\frac{\text{Equity} + \text{non-current liabilities}}{\text{Non-current assets}} \times 100$

Equity and non-current liabilities to non-current assets and inventory (in %) = $\frac{\text{Equity} + \text{non-current liabilities}}{\text{Non-current assets} + 0.5 \times \text{inventories}} \times 100$

Capital expenditure = Capital expenditure for intangible assets (excluding goodwill) + capital expenditure for property, plant and equipment

Working Capital = Inventories - advance payments received +/- trade accounts receivable/payable +/- accounts receivable/payable to investments + POC receivables +/- notes receivable/payable

Inventory turnover (in %) = $\frac{\text{Average inventory}}{\text{Net sales}} \times 100$

Receivables turnover (in %) = $\frac{\text{Average trade receivables}}{\text{Net sales}} \times 100$

Ten-Year Overview

| in € million | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003* | 2002* |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Financial Performance | | | | | | | | | | |
| Net sales | 3,304.2 | 2,475.5 | 2,900.8 | 3,236.2 | 2,658.9 | 2,350.9 | 2,175.3 | 1,928.4 | 1,496.3 | 1,265.5 |
| Foreign sales (in %) | 73.5 | 73.1 | 75.2 | 77.6 | 76.3 | 76.3 | 75.1 | 76.8 | 69.2 | 64.9 |
| Income before taxes | 255.3 | 77.2 | 112.3 | 248.1 | 175.8 | 130.7 | 86.4 | 36.1 | 22.6 | 55.8 |
| Net income | 181.8 | 51.5 | 73.4 | 169.3 | 114.8 | 80.9 | 54.7 | 21.9 | 17.9 | 32.5 |
| Financial Position | | | | | | | | | | |
| Non-current assets | 586.4 | 561.6 | 579.1 | 522.8 | 493.3 | 501.9 | 473.9 | 472.2 | 438.1 | 306.8 |
| Intangible assets | 107.9 | 112.2 | 120.2 | 126.6 | 141.3 | 145.6 | 123.1 | 119.8 | 55.8 | 20.0 |
| Property, plant, and equipment | 337.6 | 330.5 | 322.4 | 281.0 | 257.6 | 260.8 | 243.9 | 249.1 | 252.3 | 192.8 |
| Other non-current assets | 140.9 | 118.9 | 136.5 | 115.2 | 94.4 | 95.5 | 106.9 | 103.3 | 130.0 | 94.0 |
| Current assets | 1,803.4 | 1,716.8 | 1,627.6 | 1,501.1 | 1,282.7 | 1,109.5 | 1,137.8 | 973.7 | 974.7 | 712.8 |
| Inventories | 559.6 | 418.1 | 519.3 | 394.6 | 343.0 | 339.9 | 295.0 | 280.6 | 337.6 | 207.1 |
| Other current assets | 425.0 | 391.0 | 431.1 | 390.3 | 341.8 | 333.6 | 342.1 | 312.5 | 292.3 | 205.0 |
| Liquid assets | 818.8 | 907.7 | 677.2 | 716.2 | 597.9 | 436.0 | 500.7 | 380.6 | 344.8 | 300.7 |
| Equity | 870.1 | 814.2 | 775.5 | 731.0 | 604.4 | 502.5 | 484.9 | 374.4 | 292.5 | 292.2 |
| Funds similar to equity** | | | | | | | | | 106.3 | 58.3 |
| Liabilities | 1,519.7 | 1,464.2 | 1,431.2 | 1,292.9 | 1,171.6 | 1,108.9 | 1,126.8 | 1,071.5 | 1,014.0 | 669.1 |
| Non-current liabilities | 497.3 | 720.6 | 766.2 | 503.8 | 541.4 | 545.4 | 499.2 | 569.6 | 502.5 | 309.7 |
| Current liabilities | 1,022.4 | 743.6 | 665.0 | 789.1 | 630.2 | 563.5 | 627.6 | 501.9 | 511.5 | 359.4 |
| Total assets | 2,389.8 | 2,278.4 | 2,206.7 | 2,023.9 | 1,776.0 | 1,611.4 | 1,611.7 | 1,445.9 | 1,412.8 | 1,019.6 |
| Key Performance Indicators | | | | | | | | | | |
| Return on sales (in %) | 7.7 | 3.1 | 3.9 | 7.7 | 6.6 | 5.6 | 4.0 | 1.9 | 1.5 | 4.4 |
| EBITDA | 377.5 | 200.3 | 230.0 | 385.6 | 312.0 | 246.4 | 186.7 | 142.4 | 90.9 | 111.9 |
| EBIT | 292.3 | 116.1 | 146.9 | 282.5 | 209.9 | 162.8 | 118.0 | 70.4 | 53.2 | 84.0 |
| Return on equity (in %) | 20.9 | 6.3 | 9.5 | 23.2 | 19.0 | 16.1 | 11.3 | 5.8 | 6.1 | 11.1 |
| Return on assets (in %) | 12.2 | 5.1 | 6.7 | 14.0 | 11.8 | 10.1 | 7.3 | 4.9 | 3.8 | 8.2 |
| Cash earnings | 255.5 | 117.2 | 156.9 | 285.9 | 236.3 | 171.4 | 130.7 | 94.2 | 51.2 | 67.4 |
| Equity-to-assets ratio (in %) | 36.4 | 35.7 | 35.1 | 36.1 | 34.0 | 31.2 | 30.1 | 25.9 | 20.7 | 28.7 |
| Cash ratio (in %) | 80.1 | 122.1 | 101.8 | 90.8 | 94.9 | 77.4 | 79.8 | 75.8 | 67.4 | 83.7 |
| Equity and non-current liabilities to non-current assets (in %) | 233.2 | 273.3 | 266.2 | 236.2 | 232.3 | 208.8 | 207.7 | 199.9 | 205.7 | 215.2 |
| Working capital | 650.9 | 512.6 | 692.8 | 474.8 | 420.2 | 413.7 | 443.9 | 368.1 | 415.9 | 303.5 |
| Employees | | | | | | | | | | |
| Employees as of the reporting date (including trainees) | 9,060 | 8,968 | 9,467 | 9,100 | 8,425 | 8,191 | 8,134 | 8,127 | 8,391 | 6,114 |
| Personnel expenses | 540.4 | 489.0 | 522.8 | 514.9 | 472.8 | 455.7 | 433.1 | 416.8 | 352.3 | 291.7 |

* Figures for 2002 and 2003 in accordance with U.S. GAAP.

** Under U.S. GAAP participation certificates, the silent partnership and minority interest are funds similar to equity.

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CLAAS KGaA mbH
Münsterstrasse 33
D-33428 Harsewinkel
Germany
www.claas.com

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Investor Relations

Phone: +49 (0) 5247 12- 1743
Fax: +49 (0) 5247 12- 1751
Email: pr@claas.com

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Calendar 2012 – Important Trade Fairs

January

InterAGRO, Kiev/Ukraine

Internationale Grüne Woche, Berlin/Germany

February

World AG Expo, Tulare, California/USA

Fima Agricola, Saragossa/Spain

March

EXPOAGRO – International agricultural exhibition,

Junín, Buenos Aires province /Argentina

TECHAGRO, Brünn/Czech Republic

June

NZ National Agricultural Fielddays, Hamilton/New Zealand

August

Farm Progress Show, Boone, Iowa/USA

October

Russian Agricultural Exhibition, Moscow/Russia

AGROSALON, Moscow/Russia

OLMA, St. Gallen/Switzerland

November

EIMA International Expo, Bologna/Italy

EuroTier, Hanover/Germany

December

Agro Tech, Chandigarh/India



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SCORPION 6030 CP

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JAGUAR 900-830

JAGUAR 810

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XERION 5000/4500

XERION 3800/3300

XERION SADDLE TRAC

AXION 950-920

AXION 850-810

ARION 640-610

ARION 540-510

ARION 430-410

AXOS 340-310

NEXOS 240-210

ELIOS 230-210

Balers

QUADRANT 3400-3200

QUADRANT 2200/2100

QUADRANT 1150

ROLLANT 455/454 UNIWRAP

ROLLANT 355/354 UNIWRAP

ROLLANT 455-260

VARIANT 385-350

MARKANT



Combine Harvesters

LEXION 770-740

LEXION 670-620

TUCANO 480/470

TUCANO 450-320

AVERO 240/160

DOMINATOR 130

CROP TIGER 60-30

Forage Harvesting Machinery

COUGAR 1400

CORTO 3200-185

DISCO 9300-210

VOLTO 1320-45

LINER 4000-370

CARGOS 9600-9400

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